

Minutes of the Extraordinary Meeting in 2017 of Yuanta Futures Co., Ltd.

Meeting time: 9:00 am on May 17 (Wednesday), 2017

Meeting place: 13F., No.27, Sec. 1, Anhe Rd., Da'an Dist., Taipei City ,(The Chinese National Futures Association Business Center)

Shareholding of the attending shareholders: 180,125,792 shares of the attending shareholders and by proxy (of which 162,300,676 votes were exercised electronically and were deemed present), representing 77.54% of the total issuance of 232,276,288 shares.

Chairman: Mr. Lin, Tien-Fu

Clerk: I-Ching Sung

Attendees: Chairman Lin, Tien-Fu; Vice Chairman and General Manager Ms. Chou, Hsiao-Ling; Independent Director, Mr. Lai, Kun-Hung (Audit Committee convener); Independent Director, Mr. Huang, Jung-Hsien (Remuneration Committee convener); Independent Director, Mr. Kuo, Tu-Mu

CPA Se-kai Lin of PricewaterhouseCoopers

Attorney Wenpeng Lin of Giant Era International Law Firm

I. Meeting commencement: Omitted.

II. Statement by the Chairman: Omitted.

III. Discussions

Proposal 1:

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

- Details:
- (I) In line with the Jin-Guan-Zheng-Jiao-Zi No. 1060000381 Order dated January 18, 2017 by the Financial Supervisory Commission (referred to as the "FSC" hereinafter), when listed companies in the over-the-counter market convene a shareholders' meeting, they shall have voting in an electronic form included as one of the alternatives starting from January 1, 2018; also, Article 17 of the "Articles of Incorporation" is amended accordingly.
 - (II) In addition, in response to the development of Fintech and for protecting the best interests of the futures commission merchants' personnel, Article 18 Paragraph 3 of the "Rules Governing Futures Commission Merchants" was added and published on August 2, 2016. The Financial Supervisory Commission may have the special reserve appropriation ratio increased or decreased depending on the business development of the futures commission merchants; also, publish the Jin-Guan-Zheng-Juan-Zi No. 10500278285 Order on August 5, 2016 to request the futures commission merchants appropriating special reserves for an amount equivalent to 0.5~1% of the net income after taxes during the fiscal years of 2016~2018 to pay for the expenses related to staff education and training, job transfer, or placement.
 - (III) Article 29 Paragraph 1 of the "Articles of Incorporation" is amended in response to the aforementioned amendment of the "Rules Governing Futures Commission Merchants" and the order of the Financial Supervisory Commission, which had the provision related to the appropriation or reversal of special reserves added.
 - (IV) Please refer to the "Articles of Incorporation" amendment outlines and the updated text enclosed. (Attachment One)
 - (V) Proposed for referendum.

Resolutions: This case was voted with 178,259,542 voting rights in favor (including 160,805,426 electronic voting rights), accounting for 98.97 % of the total voting rights of the presenting shareholders. There were 26,554 voting right not in favor of the case (including 26,554 electronic voting rights). There were 1,832,696 waived/not voted and 0 voting right invalid. This case is passed according to the resolution reached by voting in the board meeting.

Proposal 2:

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

Details: (I) The Company's "Regulations Governing the Acquisition or Disposal of Assets" will be

amended partially in compliance with the law and regulations and the Company's actual practice.

(II) Please refer to the comparison table of partial amendments to the "Regulations Governing the Acquisition or Disposal of Assets" (Attachment Two)

(III) Proposed for referendum.

Resolutions: This case was voted with 178,254,538 voting rights in favor (including 160,800,422 electronic voting rights), accounting for 98.96 % of the total voting rights of the presenting shareholders. There were 31,558 voting right not in favor of the case (including 31,558 electronic voting rights). There were 1,832,696 waived/not voted and 0 voting right invalid. This case is passed according to the resolution reached by voting in the board meeting.

IV. Reporting matters

(I) Presenting the Company's 2016 Business Report. (Attachment Three) -- Acknowledged by all present shareholders.

(II) Audit Committee has the audit report for the Company's 2016 business report, financial statements, and statement of retained earnings presented for approval. (Attachment Four)

-- Acknowledged by all present shareholders.

(III) Presenting the 2016 Employees' bonus remuneration. -- Acknowledged by all present shareholders.

V. Acknowledgments

Proposal 1:

Subject: Acknowledging the Company's 2016 Business Report and Financial Statements. (The proposal was submitted by the Board of Directors)

Details: (I) The Company's 2016 consolidated financial statements and the financial statements were audited by CPA Se-kai Lin and CPA Hsiu-Ling Li of PricewaterhouseCoopers and were resolved for acceptance on the 24th Meeting of the 9th Board of Directors (March 23, 2017). The audited financial statements and the business report were reviewed by the Audit Committee without any nonconformity identified and with a review report issued.

(II) For details on the Business Report, Independent Auditor's Report, the consolidated financial statements and individual financial statements, please refer to Attachment Three and Attachment Five.

(III) The agenda has been proposed for acknowledgment.

Resolutions: This case was voted with 178,275,845 voting rights in favor (including 160,821,729 electronic voting rights), accounting for 98.97 % of the total voting rights of the presenting shareholders. There were 10,252 voting right not in favor of the case (including 10,252 electronic voting rights). There were 1,839,695 waived/not voted and 0 voting right invalid. This case is passed according to the resolution reached by voting in the board meeting.

Proposal 2:

Subject: Acknowledging the Company's 2016 Earnings Appropriation. (The proposal was submitted by the Board of Directors)

Details: (I) The 2016 annual earnings distribution proposal was in compliance with the Company Law and the Company's Articles of Incorporation; also, it was resolved for acceptance on the 24th Meeting of the 9th Board of Directors (March 23, 2017). The annual earnings distribution proposal was reviewed by the Audit Committee without any nonconformity identified and with a review report issued.

(II) The beginning unappropriated earnings of the Company of NT\$937,460 (the same currency used in the financial reports) less the defined benefit plan actuarial gains and losses of NT\$8,927,846 included in the retained earnings and the 2016 net income of NT\$835,706,323 for a grand total of NT\$827,715,937 is available for distribution.

(III) The 2016 earnings are appropriated for legal reserve of NT\$82,771,594, special reserve (20%) of NT\$165,543,187 and special reserve (Fintech 0.5%) of NT\$4,138,580. The cash dividend this year is NT\$2.47 per share and for a grand total of NT\$573,722,431. The unappropriated earnings amounted to NT\$1,540,145 afterwards. Please refer to Attachment Six for further details regarding the earnings appropriation.

- (IV) The 2016 earnings are applied for the distribution of cash dividend, namely NT\$2.47 per share (It is calculated and rounded up to the dollar in accordance with 232,276,288 common stock shares issued. The total number of odd shares for less than NT\$1 is transferred to the Welfare Committee with the postage fees paid by the shareholders themselves). The board of directors will be authorized upon the resolution reached in the shareholders' meeting to have the ex-dividend date determined and the dividend distributed proportionally according to the latest shareholders' registry.
- (V) Should The Company buyback its shares, transfer treasury stocks to employees, encounter conversions of corporate bonds or engage in any transactions that affect the number of outstanding shares before the dividend base date, the Board of Directors shall be authorized to make the necessary changes with regards to dividend payout per shareholder.
- (VI) The agenda has been proposed for acknowledgment.

Resolutions: This case was voted with 178,263,746 voting rights in favor (including 160,809,630 electronic voting rights), accounting for 98.97 % of the total voting rights of the presenting shareholders. There were 29,351 voting right not in favor of the case (including 29,351 electronic voting rights). There were 1,832,695 waived/not voted and 0 voting right invalid. This case is passed according to the resolution reached by voting in the board meeting.

VI. Motion: None.

VII. Meeting adjourned (9:40am)

Chairman: Mr. Lin, Tien-Fu

Clerk: I-Ching Sung

* The purpose of the meeting is documented in the minutes of the general shareholders' meeting. The agenda and procedures of the meeting are taped in video and audio form.

Attachment One

**Yuanta Futures Co., Ltd.
(formerly known as Polaris Futures Co., LTD.)
Amendments to the Articles of Incorporation**

Amendments	Current existing clauses	Description of amendments
<p>Article 17</p> <p>Except otherwise regulated by The Company Act, a shareholders meeting resolution is passed when more than half of all outstanding shares are represented in the meeting, and is approved by more than half of all voting rights represented during the meeting. <u>In addition, when the Company has adopted an electronic voting form in accordance with the provisions of the competent authorities, the shareholders of the Company may exercise their voting rights in an electronic form. The shareholders who exercise their voting rights in an electronic form shall be deemed as voting in person; also, the relevant matters shall be handled in accordance with the laws and regulations.</u></p>	<p>Article 17</p> <p>Except otherwise regulated by The Company Act, a shareholders meeting resolution is passed when more than half of all outstanding shares are represented in the meeting, and is approved by more than half of all voting rights represented during the meeting.</p>	<p>In line with the Jin-Guan-Zheng-Jiao No. 1060000381 Order of the competent authorities, listed companies in the over-the-counter market, when convening a shareholders' meeting, shall have voting in an electronic form included as one of the alternatives starting from January 1, 2018; also, the following paragraph is added accordingly.</p>
<p>Article 29</p> <p>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 <u>and with the special reserve appropriated or reversed according to the law and regulations</u> before distributing earnings. The remaining balance amount plus the unappropriated earnings of previous years <u>should be distributed to shareholders according to the proposal of the Board of Directors and the resolution reached in the Shareholders' meeting.</u> The appropriation of the legal reserve referred to in the preceding paragraph can be exempted when it is equivalent to the Company's paid-in capital.</p>	<p>Article 29</p> <p>The Company's annual earnings, if any, after paying taxes, making up losses, and distributing earnings, should be applied to have 10% legal reserve and 20% special reserve appropriated. The remaining balance thereafter plus the unappropriated earnings of prior periods after <u>reserving part of the earnings as necessary fund for business growth should be appropriated as shareholders' dividend and bonus.</u> The appropriation of the legal reserve referred to in the preceding paragraph can be exempted when it is equivalent to the Company's paid-in capital.</p>	<ol style="list-style-type: none"> 1. The provision related to the appropriation or reversal of special reserves is added in Paragraph 1 in line with the addition of Article 18 Paragraph 3 of the "Rules Governing Futures Commission Merchants" and Jin-Guan-Zheng-Juan No. 10500278285 Order. 2. Paragraph 2 and 3 not amended.

Amendments	Current existing clauses	Description of amendments
<p>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.</p> <p>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:</p> <ol style="list-style-type: none"> 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. 	<p>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.</p> <p>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:</p> <ol style="list-style-type: none"> 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. 	
<p>Article 32</p> <p>The Company's Articles of Incorporation was stipulated on January 14, 1997, the 22nd amendment was completed on May 17, 2013, the 23rd amendment was completed on May 20, 2014, the 24th amendment was completed on May 21, 2015, the 25th amendment was completed on May 18, 2016, <u>the 26th amendment was completed on _____, 2017</u> and implemented with the resolutions reached in the shareholders' meeting, same as the amendment.</p>	<p>Article 32</p> <p>The Company's Articles of Incorporation was stipulated on January 14, 1997, the 22nd amendment was completed on May 17, 2013, the 23rd amendment was completed on May 20, 2014, the 24th amendment was completed on May 21, 2015, the 25th amendment was completed on May 18, 2016 and implemented with the resolutions reached in the shareholders' meeting, same as the amendment.</p>	<p>Revision history</p>

Attachment Two

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

The comparison table of partial amendments to the “Regulations Governing the Acquisition or Disposal of Assets”

Amendments	Current existing clauses	Description
<p>Article 9 The Company’s acquisition or disposal of real estate or equipment, except for the transactions conducted with government agencies, commissioned to build by land owner, commissioned to build by lessee, <u>or acquisition or disposal of operating equipment</u> and the transaction amount exceeding 20% of the paid-in capital or NT\$300 million, should be with the appraisal report collected from the professional appraisers before the date of occurrence in accordance with the following requirements: (Paragraph 1 to 3, omitted)</p> <p>4. The date of the appraisal report issued for the appraisal performed before the professional appraisal contract date may not be more than three months from the contract date. However, if it is applicable to the same present value announced and is not over six months, the original professional appraiser may have an opinion issued. Attention should be paid to the following matters when contact a professional appraiser to issue an appraisal report or to express an opinion:</p> <p>(1) The professional appraiser and its appraising personnel and the trade party must be not related.</p> <p>(2) The professional appraisers and its appraising personnel are without any convicted criminal act or are not sentenced in the court of law.</p> <p>(3) If an appraisal report must be issued by two or more professional appraisers, the two different professional appraisers or appraising</p>	<p>Article 9 The Company’s acquisition or disposal of real estate or equipment, except for the transactions conducted with government agencies, commissioned to build by land owner, commissioned to build by lessee, and the transaction amount exceeding 20% of the paid-in capital or NT\$300 million, should be with the appraisal report collected from the professional appraisers before the date of occurrence in accordance with the following requirements: (Paragraph 1 to 3, omitted)</p> <p>4. The date of the appraisal report issued for the appraisal performed before the professional appraisal contract date may not be more than three months from the contract date. However, if it is applicable to the same present value announced and is not over six months, the original professional appraiser may have an opinion issued. Attention should be paid to the following matters when contact a professional appraiser to issue an appraisal report or to express an opinion:</p> <p>1. The professional appraiser and its appraising personnel and the trade party must be not related.</p> <p>2. The professional appraisers and its appraising personnel are without any convicted criminal act or are not sentenced in the court of law.</p> <p>3. If an appraisal report must be issued by two or more professional appraisers, the two different professional appraisers or appraising personnel must be not</p>	<p>1. It is processed in accordance with the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” amendments (The following content is processed the same way.) in the FSC.Chen.Far.Tzi No. 1060001296 Order (referred to as the “competent authorities order and interpretation) issued by the Financial Supervisory Commission.</p> <p>2. Government agencies are the one and only subjects indicated in Paragraph 1 of the current Article. The acquisition and disposal of assets with the central and local government agencies is unlikely with the possibility of price manipulation; therefore, an expert opinion is not needed. The relevant text is revised in accordance with the order and interpretation of the competent authorities.</p> <p>3. The table of contents and format after Paragraph 1 Subparagraph 4 of the current Article is adjusted.</p>

Amendments	Current existing clauses	Description
personnel must be not related.	related.	
<p>Article 11 For the acquisition or disposal of membership cards or intangible assets with the transactions amount over 20% of the paid-in capital or NT\$300 million, except for the transactions conducted with government agencies, the commissioned CPA shall comment on the reasonableness of the transaction prices before the date of occurrence in accordance with the Generally Accepted Auditing Standards (GAAS) No. 20 of the Accounting Research and Development Foundation.</p>	<p>Article 11 For the acquisition or disposal of membership cards or intangible assets with the transactions amount over 20% of the paid-in capital or NT\$300 million, except for the transactions conducted with government agencies, the commissioned CPA shall comment on the reasonableness of the transaction prices before the date of occurrence in accordance with the Generally Accepted Auditing Standards (GAAS) No. 20 of the Accounting Research and Development Foundation.</p>	<p>The reasons for the amendment are the same as Note 2 of Article 9.</p>
<p>Article 16 For the acquisition or disposal of related party's assets by the Company, or for the acquisition or disposal of assets other than real assets for an amount over to 20% of paid-in capital, 10% of total assets, or NT\$300 million, except for the trade of bonds, <u>and purchasing/repurchasing of money market funds that are issued by domestic securities investment trust enterprises</u>, the following information should be submitted to the board of directors for approval and to the Audit Committee for acknowledgement before having the transaction contract signed and payment made: (The following content is omitted.)</p>	<p>Article 16 For the acquisition or disposal of related party's assets by the Company, or for the acquisition or disposal of assets other than real assets for an amount over to 20% of paid-in capital, 10% of total assets, or NT\$300 million, except for the trade of bonds, RP or RS, or the purchase or redemption of the domestic money market funds, the following information should be submitted to the board of directors for approval and to the Audit Committee for acknowledgement before having the transaction contract signed and payment made: (The following content is omitted.)</p>	<p>The term "domestic money market fund" stated in Paragraph 1 of the current clause refers to money market funds issued by the securities investment trust enterprises in accordance with the Securities Investment Trust and Consultancy Act and with the approval of the competent authorities and Management Committee. The relevant text is revised in accordance with the order and interpretation of the competent authorities.</p>
<p>Article 27 For the process of corporate merger, spins-off, acquisition, or assignment of shares, the Company should have a CPA, lawyer, or securities underwriter invited to comment on the reasonableness of the exchange ratio, acquisition price, cash distributed to the shareholders, and the other assets and then presented in the board meeting for resolutions. <u>For mergers between the Company and wholly-owned subsidiaries directly or indirectly, or for mergers between wholly-owned subsidiaries directly or indirectly, it is not necessary to obtain a reasonable opinion from the aforementioned</u></p>	<p>Article 27 For the process of corporate merger, spins-off, acquisition, or assignment of shares, the Company should have a CPA, lawyer, or securities underwriter invited to comment on the reasonableness of the exchange ratio, acquisition price, cash distributed to the shareholders, and the other assets and then presented in the board meeting for resolutions.</p>	<p>In regard of Paragraph 1 of the current Article, according to the order and interpretation of the competent authorities, considering the merger between the Company and the wholly-owned subsidiaries or between two wholly-owned subsidiaries in accordance with the Corporate Merger Act that is considered as a reorganization of one Group without involving a share exchange ratio agreement or shareholder cash dividend or other property, an opinion of an expert on the reasonableness of the share exchange ratio of the merger is exempted. The said</p>

Amendments	Current existing clauses	Description
<p><u>experts.</u></p> <p>Article 35 The Company should have the acquisition or disposal of assets that fell in one of the following circumstances reported in the designated format on-line at the information network designated by the competent authorities within 2 days from the date of occurrence:</p> <ol style="list-style-type: none"> 1. The acquisition or disposal of real estate from and to the related party, or the acquisition or disposal of assets other than real estate from and to the related party for an amount exceeds 20% of the paid-in capital, 10% of the total assets, or NT\$300 million. However, bond trades, RP and RS bonds and purchase/<u>repurchase</u> of money market funds that are issued by domestic <u>securities investment trust enterprises</u> is not subject to such requirements. 2. Process merger, spins-off, acquisition, or assignment of shares. 3. Engaged in derivatives transaction with a loss up to the limit of the total or individual contract amount regulated in this procedure. 4. <u>The acquisition or disposal of assets that are operating equipment and the counterparty is not a related party; also, the trade amount does not exceed NT\$500 million.</u> 5. <u>The Company expects to invest less than NT\$500 million for the acquisition of real estate with the methods of commissioned to build by land owner, commissioned to build by lessee, jointly built by separate estate, jointly built by percentage, and jointly built by separate sales.</u> 6. The amount of the assets trade other than the ones in the <u>five</u> paragraphs referred to above, the disposal of credit by the financial institutions, or the investment in Mainland China for an amount exceeds 20% of the paid-in capital or NT\$300 million. 	<p>Article 35 The Company should have the acquisition or disposal of assets that fell in one of the following circumstances reported in the designated format on-line at the information network designated by the competent authorities within 2 days from the date of occurrence:</p> <ol style="list-style-type: none"> 1. The acquisition or disposal of real estate from and to the related party, or the acquisition or disposal of assets other than real estate from and to the related party for an amount exceeds 20% of the paid-in capital, 10% of the total assets, or NT\$300 million. However, bond trades, RP and RS bonds and purchase or <u>redemption</u> of domestic money market funds are not subject to this restriction. 2. Process merger, spins-off, acquisition, or assignment of shares. 3. Engaged in derivatives transaction with a loss up to the limit of the total or individual contract amount regulated in this procedure. 4. The amount of the assets trade other than the ones in the <u>three</u> paragraphs referred to above, the disposal of credit by the financial institutions, or the investment in Mainland China for an amount exceeds 20% of the paid-in capital or NT\$300 million. 	<p><u>proviso is added accordingly.</u></p> <ol style="list-style-type: none"> 1. The reasons for amending Paragraph 1 Subparagraph 1 of the current Article are the same as Article 16. 2. According to the relevant orders and interpretations of the competent authorities, due to the fact that the acquisition or disposal of the business equipment that is needed for the Company's daily operation, taking into account the difference in the company's business scale and avoiding the frequent announcement and reporting that is detrimental to significant information disclosure, Paragraph 1 Subparagraph 4 Item (3) of the current Article is amended with the Item rearranged as Paragraph 1 Subparagraph 4. 3. Paragraph 1 Subparagraph 4 Item (4) of the current Article is rearranged as Paragraph 1 Subparagraph 5. 4. The text of Paragraph 1 Subparagraph 4 of the current Article is amended partially and rearranged as Paragraph 1 Subparagraph 6. 5. The text of Paragraph 1 Subparagraph 4 Item (2) of the current Article is amended partially and rearranged as Paragraph 1 Subparagraph 6 Item (3). The reasons for the said amendment are same as Article 16. 6. In addition, according to the amended orders and interpretations in Article 30 Paragraph 1 Subparagraph 7 Item (2) of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies," the provision of Item (2) is added to Paragraph 1 Subparagraph 4 of the current Article and rearranged as Paragraph 1

Amendments	Current existing clauses	Description
<p>Except for in the following circumstances:</p> <p>(1) Bond trade</p> <p>(2) <u>It refers to the investment in securities trade conducted at domestic and foreign securities exchanges or securities firms, or the common corporate bonds that are subscribed to, offered, or issued in the domestic preliminary market and the general financial bonds that do not involve equity.</u></p> <p>(3) <u>The trade of RP/RS bonds and purchase/repurchase of money market funds that are issued by domestic securities investment trust enterprises.</u></p> <p>The transaction amount referred to above is calculated in accordance with the following:</p> <ol style="list-style-type: none"> 1. Amount per transaction 2. The accumulated amount of the acquisition or disposal of the same underlying subject with the same counterparty within one year 3. The accumulated amount of the acquisition or disposal (itemized accumulation of acquisition and disposal) of real estate of the same development project within one year 4. The accumulated amount of the acquisition or disposal (itemized accumulation of acquisition and disposal) of the same security <p>The alleged “within one year” referred to above meant for the one year prior to the date of occurrence excluding the part that had already been announced in accordance with the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies.”</p> <p>The Company shall have the derivative transaction of the Company and its non-public subsidiary up to the last month</p>	<p>Except for in the following circumstances:</p> <p>(1) Bond trade</p> <p>(2) RS and RP, and the purchase or redemption of the domestic money market funds</p> <p>(3) <u>The acquisition or disposal of assets that are operating equipment and the counterparty is not a related party; also, the trade amount does not exceed NT\$500 million.</u></p> <p>(4) <u>The Company expects to invest less than NT\$500 million for the acquisition of real estate with the methods of commissioned to build by land owner, commissioned to build by lessee, jointly built by separate estate, jointly built by percentage, and jointly built by separate sales.</u></p> <p>The transaction amount referred to above is calculated in accordance with the following:</p> <ol style="list-style-type: none"> 1. Amount per transaction 2. The accumulated amount of the acquisition or disposal of the same underlying subject with the same counterparty within one year 3. The accumulated amount of the acquisition or disposal (itemized accumulation of acquisition and disposal) of real estate of the same development project within one year 4. The accumulated amount of the acquisition or disposal (itemized accumulation of acquisition and disposal) of the same security <p>The alleged “within one year” referred to above meant for the one year prior to the date of occurrence excluding the part that had already been announced in accordance with the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies.”</p> <p>The Company shall have the derivative transaction of the Company and its non-public subsidiary up to the last month</p>	<p>Subparagraph 6 Item (2).</p> <p>7. According to the orders and interpretations of the competent authorities, when the items that are to be published by the Company in accordance with the regulations are found with errors or omissions at the time of publication, all the items should be published and reported again within 2 days from the date of learning the discrepancy; also, Paragraph 5 is amended accordingly.</p>

Amendments	Current existing clauses	Description
<p>published in the designated format on-line at the information network designated by the competent authorities before the 10th day of each month.</p> <p>When the items that are to be published by the Company in accordance with the regulations are found with errors or omissions at the time of publication, all the items should be published and reported again within <u>2 days from the date of learning of the discrepancy</u>.</p> <p>The Company should have the contract, minutes of meeting, book, appraisal reports, the opinions of CPAs, attorneys, or underwriters related to the acquisition or disposal of assets ready at the Company's premise for at least 5 years unless otherwise provided by law.</p> <p>If the competent authorities has the Company's investment in Mainland China authorized after it is announced and reported by the Company in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies," the information of the original announcement date, the invested company in China, the expected investment amount, counterparty, and the approval date of the competent authorities should be disclosed on the Market Observation Post System (MOPS).</p> <p>The Company should have the announcement and reporting made on behalf of the non-public subsidiary.</p>	<p>published in the designated format on-line at the information network designated by the competent authorities before the 10th day of each month.</p> <p>When the items that are to be published by the Company in accordance with the regulations are found with errors or omissions at the time of publication, all the items should be published and reported again.</p> <p>The Company should have the contract, minutes of meeting, book, appraisal reports, the opinions of CPAs, attorneys, or underwriters related to the acquisition or disposal of assets ready at the Company's premise for at least 5 years unless otherwise provided by law.</p> <p>If the competent authorities has the Company's investment in Mainland China authorized after it is announced and reported by the Company in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies," the information of the original announcement date, the invested company in China, the expected investment amount, counterparty, and the approval date of the competent authorities should be disclosed on the Market Observation Post System (MOPS).</p> <p>The Company should have the announcement and reporting made on behalf of the non-public subsidiary.</p>	

Yuanta Futures Co., Ltd.
(formerly known as Polaris Futures Co., LTD.)
2016 Business Report

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 10th, 11th, and 12th “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 2015, 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 4, 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\$838 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 2nd 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 expenses	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; also, exercise the community channel effectively to enhance the interaction with customers.

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.

Chairman:

General Manager:

Accounting Supervisor:

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 Se-kai Lin and CPA Hsiu-Ling Li of PricewaterhouseCoopers with an adjusted unqualified opinion stated in the independent auditor's report.

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

Best regards

The 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

Auditor's Report

(2017) Cai-Shen-Bao-Zi No. 16004190

To Yuanta Futures Co., Ltd.:

Audit opinion

We have audited the accompanying proprietary consolidated balance sheet of Yuanta Futures Co., Ltd. (formerly known as Polaris Futures Co., LTD.) and its subsidiaries as of December 31, 2016 and 2015 and the related consolidated statements of income, of changes in shareholders' equity and of cash flows and Notes to consolidated financial statement (including significant accounting policies) for the years then ended.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Yuanta Futures and its subsidiaries as of December 31, 2016 and 2015, and the results of its operations and its cash flows for the years then ended in conformity with the "Regulations Governing the Preparation of Financial Statements by Futures Commission Merchants," "Regulations Governing the Preparation of Financial Reports by Securities Firms," and International Financial Reporting Standards (IFRS) that was recognized by the Financial Supervisory Commission, International Accounting Standards, Interpretations, and Notices (IFRS), International Accounting Standards (IAS), Interpretation (IFRIC) and Interpretative Announcement (SIC).

Basis of an audit opinion

We conducted our audit in accordance with the "Rules Governing the Examination of Financial Statements by Certified Public Accountants" and generally accepted auditing standards. The responsibilities of the independent auditor under these standards will be further explained in the paragraph of "independent auditor's responsibility for consolidated financial statements." The personnel of the CPA Firm subject to the independence requirement have acted independently from the business operations of Yuanta Futures and its subsidiaries in accordance with the Code of Ethics and with other responsibilities of the Code of Ethics performed. We believe that our audit provides a reasonable basis for our opinion.

Key Audit Matters

The "key audit matters" means that the independent auditor has used their professional judgment to audit the most important matters on the 2016 consolidated financial statements of Yuanta Futures and its subsidiaries. The key audit matters have been responded to in the process of auditing the consolidated financial statements as a whole and forming an audit opinion; therefore, the independent auditor does not express an opinion on these matters separately.

The measurement of fair value of the unlisted stock without market price available for reference

Description of the matter

Please refer to Note 4 (8) of the consolidated financial statements for the accounting policies on the unlisted stock (available-for sale financial assets) without a market price available for reference. Please refer to Note 6 (4) of the consolidated financial statements for the description of important accounting accounts. Please refer to Note 5 (2) of the consolidated financial statements for the uncertainty of accounting estimates and assumptions related to the measurements of fair value. Please refer to Note 20 (3) of the consolidated financial statements for the fair value of financial instruments. As of December 31, 2016, the unlisted stock investment amount of the available-for-sale financial assets amounted to NT\$1,119,350 thousand.

The fair value of the unlisted stock of Yuanta Futures and its subsidiaries without market price available for reference is measured in accordance with the Market Method, which involves a number of assumptions and significant unobservable input values, including the evaluation methods used, the determination of the similar observable subject matters, and the price-to-earnings (P/E) ratio and discount for lack of marketability with subjective judgment and a high degree of uncertainty, since the measurement results do have a significant impact on the financial statements, the independent auditor has the fair value measurement of the unlisted stock without market price available for reference classified as a key audit matter of the year.

The responsive auditing process

The independent auditor has commissioned price evaluation experts to assist in assessing the rationality of the evaluation methods, assumptions, and input values used by the management for the aforementioned key audit matters. The responsive audit process implemented is summarized as follows:

1. Understand and evaluate the relevant policies and valuation process related to the fair value measurement of the unlisted stock without market price for reference of Yuanta Futures and its subsidiaries.
2. Assess the valuation approach used by the management that is indeed widely and properly used for the industry or environment.
3. Assess the rationality of the same type of company selected by the management, including assessing the degree of similarity of its business characteristics and the supporting document.
4. Check the P/E ratio and the input value of the discount for lack of marketability used in the valuation approach; also, review the relevant information and supporting documents to confirm the reasonableness of the input values.

Other matters - individual financial report

Yuanta Futures Co., Ltd. has compiled its 2016 and 2015 individual financial statements, for which we issued unqualified opinion.

The responsibility of the management and management units to the consolidated financial statements

The responsibility of the management is to have the consolidated financial statements presented fairly, in all material respects, in accordance with the “Regulations Governing the Preparation of Financial Statements by Futures Commission Merchants,” “Regulations Governing the Preparation of Financial Reports by Securities Firms,” and International Financial Reporting Standards (IFRS) that was recognized by the Financial Supervisory Commission, International Accounting Standards, Interpretations, and Notices (IFRS), International Accounting Standards (IAS), Interpretation (IFRIC) and Interpretative Announcement (SIC); also, maintain the necessary internal controls related to the consolidated financial statements in order to ensure that the consolidated financial statements are free of any material misstatement arising from fraud or errors.

While preparing the consolidated financial statements, the management’s responsibility also includes assessing the continuing operation of Yuanta Futures and its subsidiaries, the disclosure of the relevant matters, and the adoption of the accounting base for continuing operation, unless the management intends to liquidate Yuanta Futures and its subsidiaries or cease the business operation, or there is lack of any alternative except for liquidation or suspension.

The governance units (including the Audit Committee) of Yuanta Futures and its subsidiaries are responsible for supervising the financial reporting process.

The responsibilities of the independent auditor to the consolidated financial statements

The purpose of the independent auditor’s auditing the consolidated financial statements is to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement arising from fraud or errors and with an audit report issued. Reasonable assurance means a high degree of assurance. However, the audit conducted in accordance with generally accepted auditing standards of the R.O.C. does not guarantee having any material misstatement in the individual financial statements detected. Material misstatement could arise from fraud or errors. If the misstated amount or aggregated amount is reasonably expected to affect the economic decisions made by the users of the consolidated financial statements, it is considered significant.

The independent auditor when conducting the audit in accordance with generally accepted auditing standards of the R.O.C. exercises professional judgment and maintains professional skepticism. The independent auditor also performs the following tasks:

1. Identify and evaluate the risk of material misstatement arising from fraud or errors of the consolidated financial statements; design and implement proper responsive measures to the risk

assessed; also, obtain sufficient and adequate audit evidences for forming an audit opinion. The risk of fraud may involve conspiracy, forgery, deliberate omission, false declaration, or violating internal control; therefore, the risk of material misstatement arising from the undetected fraud is higher than that caused by errors.

2. Obtain necessary understanding on the internal control related to the audit in order to design appropriate audit procedures under the circumstance, but the purpose is not to express an opinion on the effectiveness of the internal control of Yuanta Futures and its subsidiaries.
3. Assess the appropriateness of the accounting policies adopted by the management; also, the reasonableness of the accounting estimates and related disclosures made.
4. Base on the audit evidence obtained to make conclusions on the suitability of the accounting base for continuing operation base adopted by the management and whether or not the events or circumstances causing significant doubts to the continuing operation ability of Yuanta Futures and its subsidiaries are with significant uncertainties. If the independent auditor believes that such events or circumstances are with significant uncertainties, it is necessary to remind the users of the consolidated financial statements in the audit report to pay attention to the relevant disclosure or to revise the audit opinion when such disclosures are inappropriate. The conclusion of the independent auditor is based on the audit evidence obtained as of the audit report date. However, future events or circumstances may result in the inability of Yuanta Futures and its subsidiaries to continue operating.
5. Assess the overall expression, structure, and content of the consolidated financial statements (including the relevant notes) and whether or not the relevant transactions and events in the consolidated financial statements are presented fairly.
6. Obtain sufficient and appropriate audit evidence on the financial information of business entities within the Group in order to express an opinion on the consolidated financial statements. The independent auditor is responsible for guiding, supervising, and implementing the audit of the Group; also, is responsible for forming an opinion on the audit of the Group.

The matters communicated by the independent auditor to the governing unit include the scope and timing of the planned audit, and the significant findings (including the major nonconformities of internal controls identified in the auditing process).

The independent auditor has provided the declaration of independence of the CPA Firm personnel subject to the Code of Ethics to the governing unit; also, it has communicated with the governing unit regarding the relationship and other matters (including the relevant protection measures) that may affect the independence of the independent auditor.

The independent auditor has based on the communications with the governing unit to determine the key audit matters to be performed on the 2016 consolidated financial statements of Yuanta Futures and its subsidiaries. The independent auditor shall state the key audit matters in the audit report except for the specific matters prohibited by law from being disclosed, or, in rare cases; the independent auditor decides not to have specific matters communicated in the audit report since the negative effect of such disclosure can be reasonably expected to be greater than the increase of public interest.

PwC Taiwan

Ms. Lin, Se-kai

CPA

Ms. Li, Hsiu-Ling

Former Securities and Futures Bureau, Financial
Supervisory Commission, Executive Yuan

Approval Document No.: Jin-Guan-Cheng-6-0960072936
Jin-Guan-Cheng-6-0960038033

March 23, 2017

Yuanta Futures Co., Ltd. and its subsidiaries
(formerly: Polaris Futures Co., Ltd. and its subsidiaries)
Consolidated Balance Sheet
December 31, 2016 and 2015

				Unit: NTD thousand		
		December 31, 2016		December 31, 2015		
Assets	Additional notes	Amount	%	Amount	%	
Current assets						
111100	Cash and cash equivalents	6(1) and 7	\$ 4,646,555	8	\$ 4,387,745	8
112000	Financial assets at fair value through profit or loss- current	6(2), 7 and 11	259,894	-	566,309	1
113400	Available-for-sale financial assets - current	6 (4)	176,883	-	37,876	-
114070	Customers' margin accounts	6(3) and 7	54,305,390	87	49,756,070	87
114080	Futures trading margin receivable		703	-	703	-
114100	Stock Borrowing Margin (SBL)	7	311,108	1	25,901	-
114130	Accounts receivable		351,084	1	31,148	-
114140	Accounts receivable - related parties	7	3,133	-	5,200	-
114150	Prepayments		4,321	-	4,797	-
114170	Other receivable		27,986	-	9,222	-
114180	Other receivables - related parties	7	27,227	-	26,183	-
114600	Current Income Tax Asset		453	-	453	-
119000	Other current assets		482	-	31	-
110000	Total of Current Assets		<u>60,115,219</u>	<u>97</u>	<u>54,851,638</u>	<u>96</u>
Non-Current assets						
123400	Available-for-sale financial assets - non-current	6 (4)	1,330,040	2	1,178,756	2
124100	Investments accounted for by the equity method	6 (5)	-	-	8,519	-
125000	Property and equipment	6 (8)	53,039	-	70,570	-
127000	Intangible assets	6 (9)	30,396	-	35,166	-
128000	Deferred income tax assets	6 (25)	16,600	-	17,758	-
129010	Business guaranty bond	6(6), 7 and 8	165,000	-	185,000	1
129020	Settlement / clearance fund	6 (7)	442,913	1	491,338	1
129030	Guarantee deposits paid	7	12,754	-	9,715	-
129130	Prepayment for equipment purchase		5,882	-	3,392	-
120000	Total of Non-Current Assets		<u>2,056,624</u>	<u>3</u>	<u>2,000,214</u>	<u>4</u>
906001	Total assets		<u>\$ 62,171,843</u>	<u>100</u>	<u>\$ 56,851,852</u>	<u>100</u>

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Yuanta Futures Co., Ltd. and its subsidiaries
(formerly: Polaris Futures Co., Ltd. and its subsidiaries)
Consolidated Balance Sheet
December 31, 2016 and 2015

Liabilities and equity		Additional notes	December 31, 2016		Unit: NTD thousand December 31, 2015	
			Amount	%	Amount	%
Current liabilities						
212000	Financial liabilities at fair value through profit or loss- current	6(2) and 11	\$ 354,386	1	\$ 10,069	-
214080	Futures traders' equity	6(3) and 7	54,187,829	87	49,595,196	87
214130	Accounts payable		78,804	-	138,829	-
214140	Accounts payable - related parties	7	17,207	-	25,938	-
214160	Agency Receipts		5,085	-	5,206	-
214170	Other payable		183,083	-	186,477	1
214180	Other payables - related parties	7	21,513	-	434	-
214600	Current Income Tax Liability		63,746	-	46,257	-
219000	Other current liabilities		5,324	-	6,858	-
210000	Total of current liabilities		<u>54,916,977</u>	<u>88</u>	<u>50,015,264</u>	<u>88</u>
Non-current liabilities						
225100	Liabilities reserve- non-current	6 (10)	70,970	-	59,481	-
220000	Total of non-current liabilities		<u>70,970</u>	<u>-</u>	<u>59,481</u>	<u>-</u>
906003	Total liabilities		<u>54,987,947</u>	<u>88</u>	<u>50,074,745</u>	<u>88</u>
Attributable to owners of the parent company						
Share capital						
301010	Ordinary shares capital	6 (11)	2,322,763	4	2,322,763	4
Capital reserve						
302000	Capital reserve	6 (12)	940,976	1	940,976	2
Retained earnings						
304010	Legal earnings reserve	6 (14)	637,326	1	561,535	1
304020	Special earnings reserve	6 (13)	1,526,665	3	1,375,086	2
304040	Undistributed earnings	6 (14) (25)	827,716	1	757,898	1
Other equity						
305000	Other equity	6 (15)	928,450	2	818,849	2
906004	Total equity		<u>7,183,896</u>	<u>12</u>	<u>6,777,107</u>	<u>12</u>
906002	Total liabilities and equity		<u>\$ 62,171,843</u>	<u>100</u>	<u>\$ 56,851,852</u>	<u>100</u>

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

Chairman: Mr. Lin, Tien-Fu

General Manager: Ms. Chou, Hsiao-Ling

Accounting Supervisor: Mr. Chou, Yu-Cheng

Yuanta Futures Co., Ltd. and its subsidiaries
(formerly: Polaris Futures Co., Ltd. and its subsidiaries)
Consolidated comprehensive income statements
January 1 to December 31, 2016 and 2015

Unit: NTD thousand
(except EPS in NTD)

Item	Additional notes	2016		2015		
		Amount	%	Amount	%	
Revenue						
401000	Brokerage commission	6(16) and 7	\$ 2,733,061	93	\$ 2,715,679	93
410000	Operating gain (loss) on sale of securities	6 (17)	2,764	- (27,813)	(1)
421300	Dividend income		-	-	5,386	-
421500	Net profit (loss) of securities trade measured at the fair value through profit or loss		(11,712)	-	7,741	-
421600	SBL and reverse sell margin-trading-short - net loss		-	- (157)	-
421610	Net Losses on Measurement at Fair Value through Profit or Loss for Securities Held for Operations		(225)	-	-	-
424200	security commission earned	7	3,139	-	3,398	-
424300	Settlement and clearance fees	6(18) and 7	82,514	3	90,325	3
424400	Net gains in the derivative financial instruments	6 (2) (19)	59,338	2	121,807	4
424800	Management fee income		49	-	-	-
424900	Consultancy fee income		15,826	-	13,770	1
428000	Other operating revenue (loss)	7	48,621	2	(207)	-
400000	Total revenues		<u>2,933,375</u>	<u>100</u>	<u>2,929,929</u>	<u>100</u>
Expense						
501000	Brokerage commission expenses	6 (20)	(502,321)	(17)	(491,601)	(17)
502000	Proprietary trade service charge	6 (20)	(10,881)	- (14,094)	(1)
521200	Financial costs	7	(31,391)	(1)	(29,071)	(1)
524100	Futures commission expenses	6(21) and 7	(570,403)	(20)	(560,895)	(19)
524300	Clearance and settlement service expenses		(411,769)	(14)	(412,434)	(14)
531000	Employee Benefit expenses	6 (22) (23)	(543,915)	(19)	(563,211)	(19)
532000	Depreciation and amortization expenses	6 (8) (9) (22)	(41,569)	(1)	(62,662)	(2)
533000	Other operating expenses	6(22) (27) and 7	(422,965)	(14)	(388,007)	(13)
500000	Total Expense		<u>(2,535,214)</u>	<u>(86)</u>	<u>(2,521,975)</u>	<u>(86)</u>
Operating profit						
601000	Share of profit of associates and joint ventures accounted for under equity method	6 (5)	-	- (807)	-
602000	Other profits and losses	6(24) and 7	592,095	20	527,973	18
902001	Earnings before tax		990,256	34	935,120	32
701000	Income tax expense	6 (25)	(154,550)	(5)	(158,027)	(6)
902005	Current period net profit		<u>835,706</u>	<u>29</u>	<u>777,093</u>	<u>26</u>

(Continued next page)

Yuanta Futures Co., Ltd. and its subsidiaries
(formerly: Polaris Futures Co., Ltd. and its subsidiaries)
Consolidated comprehensive income statements
January 1 to December 31, 2016 and 2015

Unit: NTD thousand
(except EPS in NTD)

Item	Additional notes	2016		2015	
		Amount	%	Amount	%
Other general gains and losses					
Items that are not reclassified as profit and loss:					
805510	Defined benefit plan revaluation amount and volume	6 (10)			
		(\$ 10,756)	(1)	(\$ 19,662)	-
805599	Income tax related to accounts not being reclassified	6 (25)			
		1,828	-	3,343	-
Accounts to be reclassified to profit or loss subsequently:					
805610	Exchange differences arising from translating the financial statements of foreign operations	6 (15)			
		(10,751)	-	7,812	-
805620	Unrealized valuation gains on financial asset available for sale	6 (4) (15)			
		120,352	4	173,702	6
Other comprehensive income (post-tax profit or loss)					
		100,673	3	165,195	6
Total comprehensive income for the period					
		\$ 936,379	32	\$ 942,288	32
Profit attributable to:					
	Owners of parent				
		\$ 835,706	28	\$ 777,093	27
Total comprehensive income attributable to:					
	Owners of parent				
		\$ 936,379	32	\$ 942,288	32
Earnings per ordinary share 6 (26)					
Base earnings per share					
		\$	3.60	\$	3.35

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

Chairman: Mr. Lin, Tien-Fu

General Manager: Ms. Chou, Hsiao-Ling

Accounting Supervisor: Mr. Chou, Yu-Cheng

Yuanta Futures Co., Ltd. and its subsidiaries
(formerly: Polaris Futures Co., Ltd. and its subsidiaries)
Consolidated statement of changes in equity
January 1 to December 31, 2016 and 2015

Unit: NTD thousand

	Additional notes	Attributable to owners of the parent company							Total equity	
		Capital reserve			Retained earnings			Other equity		
		Ordinary shares capital	Capital reserves - share premium	Capital reserves - gains on consolidation	Legal earnings reserve	Special earnings reserve	Undistributed earnings	Exchange differences arising from translating the financial statements of foreign operations	Unrealized gains or losses on financial asset available for sale	
<u>2015</u>										
Balance at January 1, 2015	6 (11)	\$ 2,322,763	\$ 1,894,643	\$ 46,333	\$ 474,475	\$ 1,200,965	\$ 871,514	(\$ 1,285)	\$ 638,620	\$ 7,448,028
Dividend allocation and distribution for 2014	6 (14)									
Legal earnings reserve		-	-	-	87,060	-	(87,060)	-	-	-
Special earnings reserve		-	-	-	-	174,121	(174,121)	-	-	-
Cash dividend to shareholders		-	-	-	-	-	(613,209)	-	-	(613,209)
The distribution of cash dividend from capital surplus		-	(1,000,000)	-	-	-	-	-	-	(1,000,000)
2015 net profit		-	-	-	-	-	777,093	-	-	777,093
2015 Other comprehensive profit	6 (15)	-	-	-	-	-	(16,319)	7,812	173,702	165,195
Balance at December 31, 2015		<u>\$ 2,322,763</u>	<u>\$ 894,643</u>	<u>\$ 46,333</u>	<u>\$ 561,535</u>	<u>\$ 1,375,086</u>	<u>\$ 757,898</u>	<u>\$ 6,527</u>	<u>\$ 812,322</u>	<u>\$ 6,777,107</u>
<u>January to December 2016</u>										
Balance at January 1, 2016	6 (11)	\$ 2,322,763	\$ 894,643	\$ 46,333	\$ 561,535	\$ 1,375,086	\$ 757,898	\$ 6,527	\$ 812,322	\$ 6,777,107
Dividend allocation and distribution for 2015										
Legal earnings reserve	6 (14)	-	-	-	75,791	-	(75,791)	-	-	-
Special earnings reserve		-	-	-	-	151,579	(151,579)	-	-	-
Cash dividend to shareholders		-	-	-	-	-	(529,590)	-	-	(529,590)
2016 net profit		-	-	-	-	-	835,706	-	-	835,706
2016 Other general gains and losses	6 (15)	-	-	-	-	-	(8,928)	(10,751)	120,352	100,673
Balance at December 31, 2016		<u>\$ 2,322,763</u>	<u>\$ 894,643</u>	<u>\$ 46,333</u>	<u>\$ 637,326</u>	<u>\$ 1,526,665</u>	<u>\$ 827,716</u>	<u>(\$ 4,224)</u>	<u>\$ 932,674</u>	<u>\$ 7,183,896</u>

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

Chairman: Mr. Lin, Tien-Fu

General Manager: Ms. Chou, Hsiao-Ling

Accounting Supervisor: Mr. Chou, Yu-Cheng

Yuanta Futures Co., Ltd. and its subsidiaries
(formerly: Polaris Futures Co., Ltd. and its subsidiaries)
Consolidated cash flow statement
January 1 to December 31, 2016 and 2015

Unit: NTD thousand

	Additional notes	2016	2015
Cash flow from operating activities			
Pre-tax profit for the current period		\$ 990,256	\$ 935,120
Adjustments			
Income, expense, and loss			
Depreciation	6 (8) (22)	34,855	53,324
Amortizations	6 (9) (22)	6,714	9,338
Interest income	6 (24)	(536,858)	(468,078)
Interest expenses		31,392	29,071
Gains from disposal of financial assets available for sale	6 (4)	2,364	(2,235)
Share of profit of associates and joint ventures accounted for under equity method	6 (5)	-	807
Losses from disposal of property or equipment	6 (8)	(2,516)	431
Dividend income		(36,338)	(37,086)
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Financial assets at fair value through profit or loss- current		306,415	(443,257)
Customers' margin accounts		(4,549,320)	(19,668,685)
Futures trading margin receivable		-	(687)
Stock Borrowing Margin (SBL)		(285,207)	(25,901)
Accounts receivable		(319,936)	(21,413)
Accounts receivable - related parties		2,067	(218)
Prepayments		476	(155)
Other receivable		(4,188)	(217)
Other receivables - related parties		(4,027)	(15,440)
Other current assets		(451)	(26)
Net changes in liabilities relating to operating activities			
Financial liabilities at fair value through profit or loss- current		344,317	4,080
Futures traders' equity		4,592,633	19,660,207
Accounts payable		(60,025)	45,861
Accounts payable - related parties		(8,731)	653
Agency Receipts		(121)	232
Other payable		(6,507)	42,825
Other payables - related parties		20,882	14
Other current liabilities		(1,534)	(1,090)
Liabilities reserve- non-current		733	379
Net cash provided by operating activities		517,345	97,854
Interest received		525,604	495,117
Income tax paid		(134,075)	(140,023)
Dividends received		36,338	37,086
Interest paid		(28,082)	(30,068)
Net cash inflow from operating activities		917,130	459,966
Cash flow from investing activities			
Acquisition of available-for-sale financial assets		(189,520)	(196,914)
Proceeds from disposal of financial assets available for sale		14,525	107,321
Decrease in held-to-maturity financial assets		-	32,283
Decrease in investments accounted for by the equity method		8,519	-
Purchase of property and equipment	6 (8)	(22,433)	(18,166)
Disposal of real estate and equipment	6 (8)	8,314	-
Increase in intangible assets	6 (9)	(1,917)	(1,947)
Decrease in business guaranty bond		20,000	-
Decrease (Increase) in settlement / clearance fund		48,425	(11,669)
(Increase) decrease in deposits paid		(3,039)	1,246
Increase in installment on equipment		(3,746)	(20,658)
Net cash outflow from investing activities		(120,872)	(108,504)
Cash flow from financing activities			
Cash dividend distribution	6 (14)	(529,590)	(1,613,209)
Net cash outflow from financing activities		(529,590)	(1,613,209)
Impact of change in exchange rate on cash and cash equivalent		(7,858)	5,259
Increase (decrease) in cash and cash equivalents for the current period		258,810	(1,256,488)
Opening balance of cash and cash equivalents		4,387,745	5,644,233
Closing balance of cash and cash equivalents		\$ 4,646,555	\$ 4,387,745

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

Chairman: Mr. Lin, Tien-Fu

General Manager: Ms. Chou, Hsiao-Ling

Accounting Supervisor: Mr. Chou, Yu-Cheng

Attachment Five

Auditor's Report

(2017) Cai-Shen-Bao-Zi No. 16004189

To Yuanta Futures Co., Ltd.:

Audit opinion

We have audited the accompanying proprietary individual balance sheet of Yuanta Futures Co., Ltd. (formerly known as Polaris Futures Co., LTD.) as of December 31, 2016 and 2015 and the related individual statements of income, retained earnings, cash flows and Notes to individual financial statement (including significant accounting policies) for the years then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Yuanta Futures Co., Ltd. as of December 31, 2016 and 2015, and the results of its individual operations and its individual cash flows for the years then ended in conformity with the “Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants” and “Financial Supervisory Commission and the Regulations Governing the Preparation of Financial Reports by Securities Firms”.

Basis of an audit opinion

We conducted our audit in accordance with the “Rules Governing the Examination of Financial Statements by Certified Public Accountants” and generally accepted auditing standards. The responsibilities of the independent auditor under these standards will be further explained in the paragraph of the “independent auditor’s responsibility for individual financial statements.” The personnel of the CPA Firm subject to the independence requirements have acted independently from the business operations of Yuanta Futures in accordance with the Code of Ethics and with other responsibilities of the Code of Ethics performed. We believe that our audit provides a reasonable basis for our opinion.

Key Audit Matters

The “key audit matters” means that the independent auditor has based its evaluations on the professional judgment to audit the most important matters on the 2016 individual financial statements of Yuanta Futures. The key audit matters have been responded to in the process of auditing the individual financial statements as a whole with an audit opinion formed; therefore, the independent auditor does not express an opinion on these matters separately.

The measurement of fair value of the unlisted stock without market price available for reference

Description of the matter

Please refer to Note 4 (7) of the individual financial statements for the accounting policies on the unlisted stock (available-for sale financial assets) without market price available for reference. Please refer to Note 6 (4) of the individual financial statements for the description of important accounting accounts. Please refer to Note 5 (2) of the individual financial statements for the uncertainty of accounting estimates and assumptions related to the measurements of fair value. Please refer to Note 20 (3) of the individual financial statements for the fair value of financial instruments. As of December 31, 2016, the unlisted stock investment of the available-for-sale financial assets amounted to NT\$1,119,350 thousand.

The fair value of the unlisted stock of Yuanta Futures without market price available for reference was measured in accordance with the Market Method, which involves a number of assumptions and significant unobservable input values, including the evaluation methods used, the determination of the similar observable subject matters, and the price-to-earnings (P/E) ratio and discount for lack of marketability with subjective judgment and a high degree of uncertainty, since the measurement results do have a significant impact on the financial statements, the independent auditor has the fair value measurement of the unlisted stock without market price available for reference classified as the key audit matter of the year.

The responsive auditing process

The independent auditor has commissioned price evaluation experts to assist in assessing the rationality of the evaluation methods, assumptions, and input values used by the management for the aforementioned key audit matters. The responsive audit process implemented is summarized as follows:

5. Understand and evaluate the relevant policies and valuation processes related to the fair value measurement of the unlisted stock without market price for reference of Yuanta Futures.
6. Assess the valuation approach used by the management that is indeed widely and properly used for the industry or environment.
7. Assess the rationality of the same type of company selected by the management, including assessing the degree of similarity of its business characteristics and the supporting document.
8. Check the P/E ratio and the input value of the discount for lack of marketability used in the valuation approach; also, review the relevant information and supporting documents to confirm the reasonableness of the input values.

The responsibility of the management and management units to the individual financial statements

The responsibility of the management is to have the individual financial statements presented fairly, in all material respects, in accordance with the “Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants” and the “Regulations Governing the Preparation of Financial Reports by Securities Firms”; also, maintain the necessary internal controls related to the individual financial statements in order to ensure that the individual financial statements are free of any material misstatement arising from frauds or errors.

While preparing the individual financial statements, the management’s responsibility also includes assessing the continuing operation of Yuanta Futures, the disclosure of the relevant matters, and the adoption of the accounting base for continuing operations, unless the management intends to liquidate Yuanta Futures or cease business operation, or there is lack of any alternative except for liquidation or suspension.

The governance units (including the Audit Committee) of Yuanta Futures are responsible for supervising the financial reporting process.

The responsibilities of the independent auditor to the individual financial statements

The purpose of the independent auditor’s auditing of the individual financial statements is to obtain reasonable assurance about whether the individual financial statements are free of material misstatement arising from fraud or errors and with an audit report issued. Reasonable assurance means a high degree of assurance. However, the audit conducted in accordance with generally accepted auditing standards of the R.O.C. does not guarantee having any material misstatement in the individual financial statements detected. Material misstatement could arise from fraud or errors. If the misstated amount or aggregated amount is reasonably expected to affect the economic decisions made by the users of the individual financial statements, it is considered significant.

The independent auditor when conducting the audit in accordance with generally accepted auditing standards of the R.O.C. exercises professional judgment and maintains professional skepticism. The independent auditor also performs the following tasks:

1. Identify and evaluate the risk of material misstatement arising from fraud or errors of the individual financial statements; design and implement proper responsive measures to the risk assessed; also, obtain sufficient and adequate audit evidences for forming an audit opinion. The risk of fraud may involve conspiracy, forgery, deliberate omission, false declaration, or violating internal control; therefore, the risk of material misstatement arising from the undetected fraud is higher than that caused by errors.
2. Obtain necessary understanding on the internal control related to the audit in order to design appropriate audit procedures under the circumstance, but the purpose is not to express an opinion on the effectiveness of the internal control of Yuanta Futures.
3. Assess the appropriateness of the accounting policies adopted by the management; also, the

reasonableness of the accounting estimates and related disclosures made.

4. Use the audit evidence obtained to draw conclusions on the suitability of the accounting base for continuing operation adopted by the management and whether or not the events or circumstances causing significant doubts to the continuing operation ability of Yuanta Futures have significant uncertainties. If the independent auditor believes that such events or circumstances have significant uncertainties, it is necessary to remind the users of the individual financial statements in the audit report to pay attention to the relevant disclosure or to revise the audit opinion when such disclosures are inappropriate. The conclusion of the independent auditor is based on the audit evidence obtained as of the audit report date. However, future events or circumstances may result in the inability of Yuanta Futures to continue operating.
5. Assess the overall expression, structure, and content of the individual financial statements (including the relevant notes) and whether or not the relevant transactions and events in the individual financial statements are presented fairly.
6. Obtain sufficient and appropriate audit evidence on the financial information of Yuanta Futures in order to express an opinion on the individual financial statements. The independent auditor is responsible for guiding, supervising, and implementing the audit of the business entity; also, it is responsible for forming an opinion on the audit of the individual financial statements.

The matters communicated by the independent auditor to the governing unit include the scope and timing of the planned audit, and the significant findings (including the major nonconformities of internal controls identified in the auditing process).

The independent auditor has provided the declaration of independence of the CPA Firm personnel subject to the Code of Ethics to the governing unit; also, it has communicated with the governing unit regarding the relationship and other matters (including the relevant protection measures) that may affect the independence of the independent auditor.

The independent auditor has used communication with the governing unit to determine the key audit matters to be performed on the 2016 individual financial statements of Yuanta Futures. The independent auditor shall state the key audit matters in the audit report except for the specific matters prohibited by law from being disclosed, or, in rare cases; the independent auditor decides not to have specific matters communicated in the audit report since the negative effect of such disclosure can be reasonably expected to be greater than the increase of public interest.

PwC Taiwan

Ms. Lin, Se-kai

CPA

Ms. Li, Hsiu-Ling

Former Securities and Futures Bureau, Financial
Supervisory Commission, Executive Yuan

Approval Document No.: Jin-Guan-Cheng-6-0960072936

Jin-Guan-Cheng-6-0960038033

March 23, 2017

Yuanta Futures Co., Ltd.
(formerly known as Polaris Futures Co., LTD.)
Individual Balance Sheet
December 31, 2016 and 2015

Unit: NTD thousand

Assets	Additional notes	December 31, 2016		December 31, 2015		
		Amount	%	Amount	%	
Current assets						
111100	Cash and cash equivalents	6(1) and 7	\$ 4,269,421	7	\$ 3,989,794	7
112000	Financial assets at fair value through profit or loss- current	6(2), 7 and 11	259,894	-	566,309	1
113400	Available-for-sale financial assets - current	6 (4)	176,883	-	37,876	-
114070	Customers' margin accounts	6(3) and 7	54,305,390	87	49,756,070	88
114080	Futures trading margin receivable		703	-	703	-
114100	Stock Borrowing Margin (SBL)	7	311,108	1	25,901	-
114130	Accounts receivable		351,084	1	31,148	-
114140	Accounts receivable - related parties	7	3,133	-	5,200	-
114150	Prepayments		4,138	-	4,635	-
114170	Other receivable		27,452	-	8,675	-
114180	Other receivables - related parties	7	27,055	-	26,054	-
114600	Current Income Tax Asset		453	-	453	-
119000	Other current assets		16	-	31	-
110000	Total of Current Assets		<u>59,736,730</u>	<u>96</u>	<u>54,452,849</u>	<u>96</u>
Non-Current assets						
123400	Available-for-sale financial assets - non-current	6 (4)	1,230,961	2	1,079,719	2
124100	Investments accounted for by the equity method	6 (5)	482,705	1	511,034	1
125000	Property and equipment	6 (8)	50,487	-	68,683	-
127000	Intangible assets	6 (9)	29,852	-	31,355	-
128000	Deferred income tax assets	6 (25)	16,600	-	17,758	-
129010	Business guaranty bond	6(6), 7 and 8	165,000	-	185,000	-
129020	Settlement / clearance fund	6 (7)	442,913	1	491,338	1
129030	Guarantee deposits paid	7	9,511	-	9,585	-
129130	Prepayment for equipment purchase		5,762	-	3,392	-
120000	Total of Non-Current Assets		<u>2,433,791</u>	<u>4</u>	<u>2,397,864</u>	<u>4</u>
906001	Total assets		<u>\$ 62,170,521</u>	<u>100</u>	<u>\$ 56,850,713</u>	<u>100</u>

(Continued next page)

Yuanta Futures Co., Ltd.
(formerly known as Polaris Futures Co., LTD.)
Individual Balance Sheet
December 31, 2016 and 2015

Liabilities and equity		Additional notes	December 31, 2016		December 31, 2015	
			Amount	%	Amount	%
Unit: NTD thousand						
Current liabilities						
212000	Financial liabilities at fair value through profit or loss- current	6(2) and 11	\$ 354,386	1	\$ 10,069	-
214080	Futures traders' equity	6(3) and 7	54,187,829	87	49,595,196	87
214130	Accounts payable		78,804	-	138,829	-
214140	Accounts payable - related parties	7	17,207	-	25,938	-
214160	Agency Receipts		5,076	-	5,185	-
214170	Other payable		181,770	-	185,359	1
214180	Other payables - related parties	7	21,513	-	434	-
214600	Current Income Tax Liability		63,746	-	46,257	-
219000	Other current liabilities		5,324	-	6,858	-
210000	Total of current liabilities		<u>54,915,655</u>	<u>88</u>	<u>50,014,125</u>	<u>88</u>
Non-current liabilities						
225100	Liabilities reserve- non-current	6 (10)	70,970	-	59,481	-
220000	Total of non-current liabilities		<u>70,970</u>	<u>-</u>	<u>59,481</u>	<u>-</u>
906003	Total liabilities		<u>54,986,625</u>	<u>88</u>	<u>50,073,606</u>	<u>88</u>
Share capital						
301010	Ordinary shares capital	6 (11)	2,322,763	4	2,322,763	4
Capital reserve						
302000	Capital reserve	6 (12)	940,976	1	940,976	2
Retained earnings						
304010	Legal earnings reserve	6 (14)	637,326	1	561,535	1
304020	Special earnings reserve	6 (13)	1,526,665	3	1,375,086	2
304040	Undistributed earnings	6 (14) (25)	827,716	1	757,898	1
Other equity						
305000	Other equity	6 (15)	928,450	2	818,849	2
906004	Total equity		<u>7,183,896</u>	<u>12</u>	<u>6,777,107</u>	<u>12</u>
906002	Total liabilities and equity		<u>\$ 62,170,521</u>	<u>100</u>	<u>\$ 56,850,713</u>	<u>100</u>

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

Chairman: Mr. Lin, Tien-Fu

General Manager: Ms. Chou, Hsiao-Ling

Accounting Supervisor: Mr. Chou, Yu-Cheng

Yuanta Futures Co., Ltd.
(formerly known as Polaris Futures Co., LTD.)
Individual comprehensive income statements
January 1 to December 31, 2016 and 2015

Unit: NTD thousand
(except EPS in NTD)

Item	Additional notes	2016		2015		
		Amount	%	Amount	%	
Revenue						
401000	Brokerage commission	6(16) and 7	\$ 2,733,061	95	\$ 2,715,603	93
410000	Operating gain (loss) on sale of securities	6 (17)	2,764	-	(27,813)	(1)
421300	Dividend income		-	-	5,386	-
421500	Net profit (loss) of securities trade measured at the fair value through profit or loss		(11,712)	-	7,741	-
421610	Net Losses on Measurement at Fair Value through Profit or Loss for Securities Held for Operations		(225)	-	-	-
421600	SBL and reverse sell margin-trading-short - net loss		-	-	(157)	-
424200	security commission earned	7	3,139	-	3,398	-
424300	Settlement and clearance fees	6(18) and 7	82,514	3	90,325	3
424400	Net gains in the derivative financial instruments	6 (2) (19)	59,338	2	121,807	4
424800	Management fee income		49	-	-	-
424900	Consultancy fee income		15,826	-	13,770	1
428000	Other operating losses	7	(644)	-	(207)	-
400000	Total revenues		<u>2,884,110</u>	<u>100</u>	<u>2,929,853</u>	<u>100</u>
Expense						
501000	Brokerage commission expenses	6 (20)	(502,321)	(18)	(491,601)	(17)
502000	Proprietary trade service charge	6 (20)	(10,881)	-	(14,094)	-
521200	Financial costs	7	(31,392)	(1)	(29,071)	(1)
524100	Futures commission expenses	6(21) and 7	(570,403)	(20)	(560,895)	(19)
524300	Clearance and settlement service expenses		(411,769)	(14)	(412,434)	(14)
531000	Employee Benefit expenses	6 (22) (23)	(539,392)	(19)	(555,612)	(19)
532000	Depreciation and amortization expenses	6 (8) (9) (22)	(36,890)	(1)	(58,291)	(2)
533000	Other operating expenses	6(22) (27) and 7	(364,183)	(13)	(380,863)	(13)
500000	Total Expense		<u>(2,467,231)</u>	<u>(86)</u>	<u>(2,502,861)</u>	<u>(85)</u>
Operating profit						
601100	Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	6 (5)	(11,794)	-	(15,384)	(1)
602000	Other profits and losses	6(24) and 7	<u>585,171</u>	<u>20</u>	<u>523,512</u>	<u>18</u>
902001	Earnings before tax		<u>990,256</u>	<u>34</u>	<u>935,120</u>	<u>32</u>
701000	Income tax expense	6 (25)	(154,550)	(5)	(158,027)	(6)
902005	Current period net profit		<u>835,706</u>	<u>29</u>	<u>777,093</u>	<u>26</u>

(Continued next page)

Yuanta Futures Co., Ltd.
(formerly known as Polaris Futures Co., LTD.)
Individual comprehensive income statements
January 1 to December 31, 2016 and 2015

Unit: NTD thousand
(except EPS in NTD)

Item	Additional notes	2016		2015	
		Amount	%	Amount	%
Other general gains and losses					
Items that are not reclassified as profit and loss:					
805510	Defined benefit plan revaluation amount and volume	6 (10)			
		(\$ 10,756)	(1)	(\$ 19,662)	-
805599	Income tax related to accounts not being reclassified	6 (25)			
		1,828	-	3,343	-
Accounts to be reclassified to profit or loss subsequently:					
805610	Exchange differences arising from translating the financial statements of foreign operations	6 (15)			
		(10,751)	-	7,812	-
805620	Unrealized valuation gains on financial asset available for sale	6 (4) (15)			
		117,617	4	175,045	6
805660	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for under equity method	6 (5)(15)			
		2,735	-	(1,343)	-
Other comprehensive income (post-tax profit or loss)		100,673	3	165,195	6
Total comprehensive income for the period		\$ 936,379	32	\$ 942,288	32
Earnings per ordinary share		6 (26)			
Base earnings per share		\$	3.60	\$	3.35

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

Chairman: Mr. Lin, Tien-Fu

General Manager: Ms. Chou, Hsiao-Ling

Accounting Supervisor: Mr. Chou, Yu-Cheng

Yuanta Futures Co., Ltd.
(Originally: Yuanta Futures Co., Ltd.)
Individual statement of changes in equity
January 1 to December 31, 2016 and 2015

Unit: NTD thousand

	Additional notes	Capital reserve			Retained earnings			Other equity		Total equity
		Ordinary shares capital	Share Premium	Consolidated P remium Amount	Legal earnings reserve	Special earnings reserve	Undistributed earnings	Exchange differences arising from translating the financial statements of foreign operations	Unrealized gains or losses on financial asset available for sale	
<u>2015</u>										
Balance at January 1, 2015	6 (11)	\$ 2,322,763	\$ 1,894,643	\$ 46,333	\$ 474,475	\$ 1,200,965	\$ 871,514	(\$ 1,285)	\$ 638,620	\$ 7,448,028
Dividend allocation and distribution for 2014 (Note 1)	6 (14)									
Legal earnings reserve		-	-	-	87,060	-	(87,060)	-	-	-
Special earnings reserve		-	-	-	-	174,121	(174,121)	-	-	-
Cash dividend to shareholders		-	-	-	-	-	(613,209)	-	-	(613,209)
The distribution of cash dividend from capital surplus		-	(1,000,000)	-	-	-	-	-	-	(1,000,000)
2015 net profit		-	-	-	-	-	777,093	-	-	777,093
2015 Other general gains and losses	6 (15)	-	-	-	-	-	(16,319)	7,812	173,702	165,195
Balance at December 31, 2015		<u>\$ 2,322,763</u>	<u>\$ 894,643</u>	<u>\$ 46,333</u>	<u>\$ 561,535</u>	<u>\$ 1,375,086</u>	<u>\$ 757,898</u>	<u>\$ 6,527</u>	<u>\$ 812,322</u>	<u>\$ 6,777,107</u>
<u>2016</u>										
Balance at January 1, 2016	6 (11)	\$ 2,322,763	\$ 894,643	\$ 46,333	\$ 561,535	\$ 1,375,086	\$ 757,898	\$ 6,527	\$ 812,322	\$ 6,777,107
Dividend allocation and distribution for 2015 (Note 2)										
Legal earnings reserve	6 (14)	-	-	-	75,791	-	(75,791)	-	-	-
Special earnings reserve		-	-	-	-	151,579	(151,579)	-	-	-
Cash dividend to shareholders		-	-	-	-	-	(529,590)	-	-	(529,590)
2016 net profit		-	-	-	-	-	835,706	-	-	835,706
2016 Other general gains and losses	6 (15)	-	-	-	-	-	(8,928)	(10,751)	120,352	100,673
Balance at December 31, 2016		<u>\$ 2,322,763</u>	<u>\$ 894,643</u>	<u>\$ 46,333</u>	<u>\$ 637,326</u>	<u>\$ 1,526,665</u>	<u>\$ 827,716</u>	<u>(\$ 4,224)</u>	<u>\$ 932,674</u>	<u>\$ 7,183,896</u>

Note 1: Remuneration for bonus of \$2,890 and remuneration for directors and supervisors of \$700 has been deducted from the comprehensive income statements of 2014.

Note 2: Remuneration for bonus of \$3,072 and remuneration for directors and supervisors of \$0 has been deducted from the comprehensive income statements of 2015.

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

Chairman: Mr. Lin, Tien-Fu

General Manager: Ms. Chou, Hsiao-Ling

Accounting Supervisor: Mr. Chou, Yu-Cheng

Yuanta Futures Co., Ltd.
(formerly known as Polaris Futures Co., LTD.)
Individual Cash Flow Statement
January 1 to December 31, 2016 and 2015

Unit: NTD thousand

	Additional notes	2016	2015
Cash flow from operating activities			
Pre-tax profit for the current period		\$ 990,256	\$ 935,120
Adjustments			
Income, expense, and loss			
Depreciation	6 (8) (22)	33,443	52,219
Amortizations	6 (9) (22)	3,447	6,072
Interest income	6 (24)	(530,974)	(463,263)
Interest expenses		31,392	29,071
Gains (losses) from disposal of financial assets available for sale	6 (4)	2,364	(2,235)
Share of profit of associates and joint ventures accounted for under equity method	6 (5)	11,793	15,384
Gains from disposal of property or equipment	6 (8)	(2,516)	-
Dividend income		(36,337)	(37,086)
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Financial assets at fair value through profit or loss- current		306,415	(443,257)
Customers' margin accounts		(4,549,320)	(19,672,704)
Futures trading margin receivable		-	(687)
Stock Borrowing Margin (SBL)		(285,207)	(25,901)
Accounts receivable		(319,937)	(21,413)
Accounts receivable - related parties		2,067	(218)
Prepayments		497	(510)
Other receivable		(11,335)	(218)
Other receivables - related parties		10,980	(15,311)
Other current assets		15	(26)
Net changes in liabilities relating to operating activities			
Financial liabilities at fair value through profit or loss- current		344,317	4,080
Futures traders' equity		4,592,633	19,664,224
Accounts payable		(60,025)	45,861
Accounts payable - related parties		(8,731)	653
Agency Receipts		(109)	235
Other payable		(6,798)	43,303
Other payables - related parties		20,882	14
Other current liabilities		(1,534)	(1,090)
Liabilities reserve- non-current		733	379
Net cash provided by operating activities		538,411	112,696
Interest received		511,551	489,045
Income tax paid		(134,075)	(140,023)
Dividends received		36,338	37,086
Interest paid		(27,986)	(30,068)
Net cash inflow from operating activities		924,239	468,736
Cash flow from investing activities			
Acquisition of available-for-sale financial assets		(189,520)	(96,267)
Proceeds from disposal of financial assets available for sale		14,525	107,321
Increase (decrease) in investments accounted for by the equity method		8,519	(300,000)
Purchase of property and equipment	6 (8)	(20,285)	(15,914)
Disposal of real estate and equipment	6 (8)	8,314	-
Increase in intangible assets	6 (9)	(1,917)	(1,947)
Decrease in business guaranty bond		20,000	-
Decrease (Increase) in settlement / clearance fund		48,425	(11,669)
Decrease in Guarantee deposits paid		74	183
Increase in installment on equipment		(3,626)	(20,658)
Net cash outflow from investing activities		(115,491)	(338,951)
Cash flow from financing activities			
Cash dividend distribution	6 (14)	(529,590)	(1,613,209)
Net cash outflow from financing activities		(529,590)	(1,613,209)
Impact of change in exchange rate on cash and cash equivalent		469	(958)
Increase (decrease) in cash and cash equivalents for the current period		279,627	(1,484,382)
Opening balance of cash and cash equivalents		3,989,794	5,474,176
Closing balance of cash and cash equivalents		\$ 4,269,421	\$ 3,989,794

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

Chairman: Mr. Lin, Tien-Fu

General Manager: Ms. Chou, Hsiao-Ling

Accounting Supervisor: Mr. Chou, Yu-Cheng

Attachment Six

Yuanta Futures Co., Ltd.
The 2016 Statement of Retained Earnings

Unit: NTD

Item	Amount
I. Amount available for distribution:	
Opening undistributed earnings	\$ 9,37,460
Less: Defined benefit actuarial gains and recognized as retained earnings	(8,927,846)
Unappropriated adjusted earnings (accumulated losses)	(7,990,386)
Add: 2016 after-tax net profit	835,706,323
Distributable earnings for the year	\$ 827,715,937
II. Distribution within the year:	
Legal earnings reserve (10%)	\$ 82,771,594
Special earnings reserve (20%)	165,543,187
Special earnings reserve (0.5%)	4,138,580
Cash dividend to shareholders (\$2.47 per share)	573,722,431
Closing undistributed earnings	\$ 1,540,145

Chairman:

General Manager:

Accounting Supervisor: