

Stock Code: 6023



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

2017 Annual General Meeting

Agenda

May 17, 2017

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2017 Annual General Meeting Procedures

- I. Commence Meeting
- II. Chairman Takes the Chair
- III. Chairman's Speech
- IV. Discussions
- V. Reporting matters
- VI. Acknowledgments
- VII. Extempore Motion
- VIII. Adjournment

Yuanta Futures Co., Ltd.
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2017 Annual General Meeting Agendas

- I. Time: 9am Wednesday, May 17, 2017
- II. Venue: 13F., No.27, Sec. 1, Anhe Rd., Da'an Dist., Taipei City ,(The Chinese National Futures Association Business Center)
- III. Commence Meeting
- IV. Chairman Takes the Chair
- V. Chairman's Speech
- VI. Discussions
 - (I) Partial amendments to the “Articles of Incorporation”.
 - (II) Please discuss the revision of the Company’s “Regulations Governing the Acquisition or Disposal of Assets”.
- VII. Reporting matters
 - (I) Presenting the Company's 2016 Business Report.
 - (II) Audit Committee has the audit report for the Company’s 2016 business report, financial statements, and statement of retained earnings presented for approval.
 - (III) Presenting the 2016 Employees’ Remuneration Distribution.
- VIII. Acknowledgments
 - (I) Acknowledging the Company's 2016 Business Report and Financial Statements.
 - (II) Acknowledging the Company's 2016 Earnings Distribution.
- IX. Extempore Motion
- X. Dismissal

One. 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 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 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 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 Attachment I for the “Articles of Incorporation” amendment outlines and the updated text enclosed. (Page 6 ~ 7 this manual).
- V. Proposed for referendum.

Resolution:

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 Attachment II (Page 8~12 of this manual) for the Company’s “Regulations Governing the Acquisition or Disposal of Assets” amendment outlines.
- III. Proposed for referendum

Resolution:

Two. Reporting matters

- I. Reported issue: Presenting the Company's 2016 Business Report.

Details: (1) Please refer to Attachment III for The Company's 2016 Business Report (Pages 13~17 of this manual).

- (2) The report is ready for review.
- II. Reported issue: Audit Committee has the audit report for the Company's 2016 business report, financial statements, and statement of retained earnings presented for approval.
- Details: (1) The Company's 2016 consolidated financial statements and financial statements have been audited by its auditors. Audit Committees have finished reviewing the audited financial statements, the Business Report, and the Earnings Distribution, and issued the Audit Committees' Review Report as shown in Attachment IV (Page 18 of this manual).
- (2) The report is ready for review.
- III. Reported issue: Presenting The Company's 2016 Employees' Remuneration Distribution.
- Details: (1) According to the Article 29 of the "Articles of Incorporation," the Company will appropriate an amount equivalent to 0.01% ~ 5% of the annual net income (net income before tax and before deducting the remuneration to employees), if any, net of accumulated losses as remuneration to employees, which can be paid with stock or cash.
- (2) According to the preceding paragraph, the Company's net income before tax and before deducting the remuneration to employees is audited by the CPA amounted to NT\$993,330,693 in 2016; also, an amount equivalent to 0.31% of the said amount will be appropriated as 2016 remuneration to employees in cash, namely NT\$3,074,121. The said amount in the preceding paragraph had already booked in the 2016 operating expense that was no different from the expense recognized in 2016.
- (3) The report is ready for review.

Three. Acknowledgments

- I. Subject: Acknowledging the Company's 2016 Business Report and Financial Statements. (The proposal was submitted by the Board of Directors)
- Details: (1) 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.
- (2) For details on the Business report, Independent Auditor's Report, the consolidated financial statements and financial statements, please refer to Attachments III, V (Pages 13 ~ 17 and Pages 19 ~ 36 of this manual).
- (3) The agenda has been proposed for acknowledgment.

Resolution:

- II. Subject: Acknowledging the Company's 2016 Earnings Distribution. (The proposal was submitted by the Board of Directors)
- Details: (1) 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.

- (2) 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.
- (3) 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 VI for further details regarding the earnings appropriation (Page 37 of this manual).
- (4) 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.
- (5) 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.
- (6) The agenda has been proposed for acknowledgment.

Resolution:

Four. Extempore Motion

Five. Adjournment

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 before distributing earnings.</u> 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</p> <p>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</p> <p>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.	
Article 11 For the acquisition or disposal of membership cards or intangible assets with the transactions amount over 20% of the paid-in capital or NT\$300 million, except for the transactions conducted with government agencies, the commissioned CPA shall comment on the reasonableness of the transaction prices before the date of occurrence in accordance with the Generally Accepted Auditing Standards (GAAS) No. 20 of the Accounting Research and Development Foundation.	Article 11 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.	The reasons for the amendment are the same as Note 2 of Article 9.
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, and <u>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.)	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.)	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.
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</u>	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.	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

Amendments	Current existing clauses	Description
<u>opinion from the aforementioned experts.</u>		merger is exempted. The said proviso is added accordingly.
<p>Article 35</p> <p>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 	<p>Article 35</p> <p>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 	<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 Subparagraph 6 Item (2).

Amendments	Current existing clauses	Description
<p>exceeds 20% of the paid-in capital or NT\$300 million. 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</p>	<p>exceeds 20% of the paid-in capital or NT\$300 million. 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</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>Company and its non-public subsidiary up to the last month published in the designated format on-line at the information network designated by the competent authorities before the 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>Company and its non-public subsidiary up to the last month published in the designated format on-line at the information network designated by the competent authorities before the 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>	

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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		60,115,219	97	54,851,638	96
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		2,056,624	3	2,000,214	4
906001	Total assets		\$ 62,171,843	100	\$ 56,851,852	100

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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

			December 31, 2016		Unit: NTD thousand December 31, 2015	
Liabilities and equity		Additional notes	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		54,916,977	88	50,015,264	88
Non-current liabilities						
225100	Liabilities reserve- non-current	6 (10)	70,970	-	59,481	-
220000	Total of non-current liabilities		70,970	-	59,481	-
906003	Total liabilities		54,987,947	88	50,074,745	88
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		6 (15)				
305000	Other equity		928,450	2	818,849	2
906004	Total equity		7,183,896	12	6,777,107	12
906002	Total liabilities and equity		\$ 62,171,843	100	\$ 56,851,852	100

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)	398,161	14	407,954	14
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		835,706	29	777,093	26

(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	
2015										
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>
January to December 2016										
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

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		59,736,730	96	54,452,849	96
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		2,433,791	4	2,397,864	4
906001	Total assets		\$ 62,170,521	100	\$ 56,850,713	100

(Continued next page)

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

			Unit: NTD thousand			
			December 31, 2016		December 31, 2015	
Liabilities and equity	Additional notes		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		5,076	-	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)

		2016		2015		
Item	Additional notes	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		2,884,110	100	2,929,853	100
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		(2,467,231) (	86) (	2,502,861) (	85)
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	585,171	20	523,512	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		835,706	29	777,093	26

(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
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
Total comprehensive income for the period			<u>\$ 936,379</u>	<u>32</u>	<u>\$ 942,288</u>
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 Premium Amount	Legal earnings reserve	Special earnings reserve	Undistributed earnings	Exchange differences arising from translating the financial statements of foreign operations	Unrealized gains or losses on financial asset available for sale	
<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:

Appendix One

Current and minimum number of shares held by Directors and Supervisors

- I. The Company has a paid-up capital of \$2,322,762,880, issued in 232,276,288 ordinary shares.
- II. According to the “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies,” the minimum shareholding of the Company’s board directors is 12,000,000 shares. The Company has an Audit Committee established; therefore, there is no requirement on the minimum shareholding of the supervisors.
- III. As at the book closure date of this annual general meeting (March 19, 2017), the shareholders registry showed total shares held by Directors at 159,467,282, of which have complied with Article 26 of The Securities Exchange Act. The details are as follows:

Ex-transfer date on March 19, 2017

Title	Name	Number of shares held (shares)	Shareholding percentage (%)
Chairman	Yuanta Financial Holding Co., Ltd. Representative: Mr. Lin, Tien-Fu	159,467,282	68.65%
Director	Yuanta Financial Holding Co., Ltd. Representative: Ms. Chou, Hsiao-Ling		
Director	Yuanta Financial Holding Co., Ltd. Representative: Mr. Chen, Hsiu-Wei		
Director	Yuanta Financial Holding Co., Ltd. Representative: Mr. Kung, Shao-Hsing		
Director	Yuanta Financial Holding Co., Ltd. Representative: Mr. Chiu, Hsien-Tao		
Director	Yuanta Financial Holding Co., Ltd. Representative: Mr. Li, Yueh-Tsang		
Independent Director	Mr. Huang, Jung-Hsien	0	0
Independent Director	Mr. Lai, Kun-Hung	0	0
Independent Director	Mr. Kuo, Tu-Mu	0	0
Total shares held by Directors Total		159,467,282	68.65%

Appendix Two

Information relating to shareholders meeting agendas

I Shareholders meeting agendas

1. According to Article 172-1 of The Company Act, shareholders who own more than 1% of The Company's outstanding shares are entitled to submit one agenda for discussion during the annual general meeting. The submission must be made in writing and is limited to 300 words.
2. The Company has accepted shareholders' proposed agendas for this year's annual general meeting between March 4 ~ 14, 2017. This information has been published on the Market Observation Post System.
3. The Company received no proposals from existing shareholders during that period.

Appendix Three

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

The Company's Articles of Incorporation (Before amendments)

Chapter I General rules

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

Chapter II Share capital

- Article 5 The Company's authorized capital is NTD2.5 billion, divide into 250 million shares which can be raised in multiple issues at NT\$10 per share.
- Article 6 The Company issues its shares in non-tangible forms, and shall register them to the Central Securities Depository.
- Article 7 Shareholders must provide their names and residential or registered addresses, along with their signature specimen cards, to The Company. This information shall be registered into the shareholders registry.
- Article 8 (Deleted)
- Article 9 The company's share administration practices shall comply with "Printing Specifications for the Certificates of Publicly Traded Shares".
- Article 10 The company's shareholders' registry will be closed within 60 days before the annual general meeting, within 30 days before the extraordinary shareholders' meeting, or within 5 days before the base date for distributing dividends or other entitlements.

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

Chapter III Shareholders Meetings

Article 12 The Company holds two types of shareholders meetings:

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

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

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

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

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

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

Article 18 Shareholders meeting resolutions must be compiled into detailed minutes, signed by the meeting chairman, and distributed to every shareholder within 20 days after the meeting. The distribution can be made by way of public announcement. The minutes must detail the date and venue of the meeting, the meeting chairman's name, the method of resolution, and the summary and results of meeting agendas. These minutes must be retained indefinitely. Shareholders' attendance sheets and proxy forms shall be retained as required by the relevant regulations. However, if a shareholder makes a litigious claim against The Company according to Article 189 of The Company Act, the above mentioned documents must be retained until the end of the litigation.

Chapter IV The Board of Directors, Directors and Managers

Article 19 The Company may have a total of 7~11 Directors (including 3 Independent Directors); they are elected by shareholders to serve a term of three years, which can

be renewed if elected at the end of the term. The amount of shares held by Directors must comply with all relevant securities regulations.

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

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

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

Article 20

The Board of Directors exercises the following authorities:

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

Article 20-1

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

Article 21

The Chairman of the Board of Directors shall be appointed with the presence of more than two thirds of all directors, and the supports from more than half of all present directors. The Chairman represents the company in all dealings. If necessary, a Vice Chairman can be appointed through the same procedure. If the Chairman is unable to perform his/her duties due to leave of absence or any reasons, the Vice Chairman will take the Chairman's place. If the Vice Chairman is also absent, the Chairman may appoint one of the directors to act on behalf. If no one is appointed, the remaining directors will appoint one among themselves to perform the Chairman's duties on behalf.

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

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

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

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

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

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

Article 24 (Deleted)

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

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

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

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

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

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

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

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

Chapter V Accounting

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

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

Article 29 The Company's annual 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 reserving part of the earnings as necessary fund for business growth should be appropriated as shareholders' dividend and bonus. 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.

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.

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

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

Chapter VI Additional Rules

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

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

Article 32 The Company's Articles of Incorporation was stipulated on January 14, 1997. The 22nd amendment was completed on May 17, 2013; the 23rd amendment was completed on May 20, 2014; the 24th amendment was completed on May 21, 2015; the 25th amendment was completed on May 18, 2016 and implemented with the resolutions reached in the shareholders' meeting, same as the amendment.

Appendix Four

Yuanta Futures Co., Ltd. (formerly known as Polaris Futures Co., LTD.) “Regulations Governing the Acquisition or Disposal of Assets” (Before amendments)

Resolved in the shareholders' meeting on May 23, 2012
The amendment was resolved in the shareholder's meeting on May 17, 2013
The amendment was resolved in the shareholder's meeting on May 20, 2014
The amendment was resolved in the shareholder's meeting on May 18, 2016

Chapter I General Principles

- Article 1 The Company has the Guidelines stipulated to strengthen asset management and substantiate information disclosure.
- Article 2 The Company's acquisition or disposal of assets is processed in accordance with the “Regulations Governing the Acquisition or Disposal of Assets.” The requirements otherwise provided by the law and regulations or the Financial Supervisory Commission (hereinafter referred to as the “competent authorities”) shall be followed.
- Article 3 If the Company's acquisition or disposal of assets in accordance with the Guidelines or other law must be approved by the board of directors; also, there is director's recorded or documented objections filed, the director's objections should be delivered to the Audit Committee.
For the discussion of the Guidelines and the proposal for the acquisition or disposal of assets, the Company must invite the independent directors to attend the meeting, have the opinions of each independent director considered sufficiently, and have their supporting or opposing opinions and reasons documented in the minutes of meeting.
- Article 4 The scope of assets defined in the Guidelines is as follows:
1. Investment in stocks, government bonds, corporate bonds, financial bonds, fund-based securities, depositary receipts, call (put) warrants, beneficial securities, and asset-backed securities.
 2. Real estate (including land, housing and construction, investment real estate, and land use rights) and equipment
 3. Membership card
 4. Intangible assets including patents, copyrights, trademarks, and charter
 5. Financial institutions claims (including receivables, foreign exchange discount and loans, and nonperforming loans)
 6. Derivatives
 7. The acquisition or disposal of assets by merger, spins-off, acquisition, or assignment of shares lawfully
 8. Other important assets
- Article 5 The terminologies used in the operating procedures are as follows:
1. Derivatives: refers to the forward contracts, options contracts, futures contracts, leveraged margin contracts, swaps contracts, and the compound contracts of the instruments referred to above with the values derived from assets, interest rate, exchange rate, index, or other interests. The alleged forward contracts exclude insurance contract, performance contract, post-sale service contract, long-term lease contract, and long-term purchases (sales) contract.

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

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

Chapter II Operating procedures

Section 1 Acquisition or disposal of assets

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

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

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

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:

1. If the transaction price is determined by referring to an attributive price, a specific price, or a special price for a good cause, the transaction should be presented to the board of directors for resolutions. The changes in trading conditions should be processed the same.
2. The transaction amounted to NT\$1 billion or more should be appraised by two or more professional appraisers.

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

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

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

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

Article 11 For the acquisition or disposal of membership cards or intangible assets with the transactions amount over 20% of the paid-in capital or NT\$300 million, except for the transactions conducted with government agencies, the commissioned CPA shall comment on the reasonableness of the transaction prices before the date of occurrence in accordance with the Generally Accepted Auditing Standards (GAAS) No. 20 of the Accounting Research and Development Foundation.

Article 11-1 The transactions amount in the first three clauses should be calculated in accordance with Article 35 Paragraph 2. Also, the alleged "within one year" meant for the one year prior to the date of occurrence excluding the appraisal report issued by the professional appraiser or the CPA's opinions acquired in accordance with the guidelines.

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

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

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

Section II Related party transactions

Article 15 In addition to processing the related decision procedures and assessing the reasonableness of trade conditions in accordance with the provision referred to above and in this section, the appraisal report issued by the professional appraiser or the CPA's opinions must be acquired in accordance with the guidelines referred to above for the acquisition or disposal of assets by the Company from the related party with a transaction amount over 10% of the Company's total assets. The calculation of the transaction amount referred to above should be processed in accordance with Article 11-1.

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

Article 16 For the acquisition or disposal of related party's assets by the Company, or for the acquisition or disposal of assets other than real assets for an amount over to 20% of paid-in capital, 10% of total assets, or NT\$300 million, except for the trade of bonds, RP or RS, or the purchase or redemption of the domestic money market funds, the following information 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:

1. The purpose, necessity, and expected benefits of the acquisition or disposal of real estate and assets
2. The reasons for selecting the related party as the counterparty
3. The information used to assess the reasonableness of the trade terms and conditions for the acquisition of real estate from the related party in accordance with Article 17 and Article 18.
4. The matters of the related party's original acquisition date and price, counterparty, and the relationship with the Company and the related party
5. The monthly cash income and expense forecast within the year from the month of the contract signed; also, assess the necessity of the trade and the reasonableness of the use of funds.
6. Acquire the appraisal report from the professional appraisers or the opinions of the CPAs in accordance with the provisions referred to above.
7. The restrictions and other important stipulations of the transaction

The transactions amount referred to above should be calculated in accordance with Article 35 Paragraph 2. Also, the alleged "within one year" meant for the one year prior to the date of occurrence excluding the part that had already been resolved in the board meeting and accepted by the Audit Committee.

For the acquisition or disposal of operating equipment between the Company and the parent company or the subsidiary, the board of directors may authorize the

Chairman in accordance with Article 8 Paragraph 2 to have a decision made within the quota and then reported in the most recent board meeting for ratification. When reporting the matter to the board of directors for discussion in accordance with the requirements stated in the first paragraph, the opinions of the independent directors should be taken into account. The objections or reservations of the independent directors, if any, should be detailed in the minutes of meeting.

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

Article 17 The Company should assess the reasonableness of the transaction costs for the acquisition of real estate from the related party in accordance with the following methods:

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

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

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

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

1. The acquisition of real estate by related party is by inheritance or gift.
2. Related party's contracting for the acquisition of real estate is over five years from the date of the trade contract signed.
3. Acquire property by signing with the related party a construction contract, including joint construction contract, proprietary-land construction, or leased-land construction.

Article 18 If the assessment result is lower than the transaction price in accordance with Paragraph 1 and Paragraph 2 referred to above, the Company is to have it processed in accordance with Article 19. However, as a result due to the following circumstances and with the objective evidence presented and an appraisal report collected from the professional real estate appraiser and a reasonable opinion issued by the CPAs, it is not subject to the limitations:

1. Related party that has obtained prime land or rental land for construction must submit the proof of complying with the following conditions:
 - (1) The prime land is assessed in accordance with the methods referred to above. House is assessed in accordance with the sum of the construction costs and a reasonable profit exceeding the actual transaction price. The term "reasonable construction profit" is based on the average gross profit

rate in the last three years of the related party's construction department or the latest gross profit rate of the construction industry announced by the Ministry of Finance whichever is lower.

- (2) The successful trade of other floors of the same underlying house and land or the successful trade of the unrelated party in the neighborhood within one year with the similar floor area; also, the trade conditions are assessed to be equivalent in accordance with the reasonable floors or regional spread in general practice of real estate trade.
 - (3) The lease of other floors of the same underlying house and land or the lease of the unrelated party within one year are assessed to be equivalent in accordance with the reasonable floors or spread in general practice of real estate lease.
2. The Company evidences that the trade terms of acquiring the real estate from the related parties are similar to the successful trade of the unrelated party in the neighborhood within one year with the similar floor area.

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

Article 19 If the assessment result of the acquisition of real estate from the related party is lower than the transaction price in accordance with Article 17 and Article 18, the Company is to have the following matters processed:

1. A special reserve is to be appropriated in respect of the spread between the transaction price and the evaluation costs of the real estate in accordance with Article 41 Paragraph 1 of the Securities and Exchange Act; also, the special reserve may not be distributed or capitalized for stock dividend. If the Company has the investment in other company valued under the equity method, the Company is to have special reserve appropriated proportionally to the shareholding ratio in respect of the invested company's appropriated amount in accordance with Article 41 Paragraph 1 of the Securities and Exchange Act.
2. The Audit Committee shall apply mutatis mutandis with Article 218 of the Company Law.
3. The process referred in Subparagraph 1 and Subparagraph 2 should be presented to the shareholders' meeting; also, the transaction details should be disclosed in the annual report and prospectus.

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

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

Section III Engaged in derivative transactions

Article 20 The Company's futures proprietary trading business engaging in futures contracts business at domestic and foreign Futures Exchange that is announced in accordance with Article 5 of Futures Trading Act by the competent authorities, and acquiring foreign futures contracts in accordance with the Regulations Governing Futures

Contract Selection and Management at Foreign Futures Exchange defined internally must comply with the futures proprietary trading business internal control system, governing regulations, and delegation of responsibility.

The leverage margin contract transactions conducted by the Company's futures leverage traders must comply with the leverage transaction business internal control system, governing regulations, and delegation of responsibility.

The Company's engaging in the derivative transactions other than those defined in Paragraph 1 and Paragraph 2 is for the purpose of ensuring the Company's operating profit and avoiding the risks resulted from the changes in asset prices, exchange rates, and interest rates must be in compliance with the regulations in this chapter.

Article 21 Transaction principles and guidelines

1. Transacted instrument

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

2. Operating or hedging strategy

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

3. Delineation of rights and obligations

- (1) The rights and obligations of each department and division are as follows:
 1. Finance Department: counterparty assessment, trade execution, trade confirmation, trade control, bookkeeping, and announcement and reporting matters stipulated by the competent authorities.
 2. Administration Office: trade contracts and trade evidences management
 3. Audit Office: trade procedures and trade operation audit
 4. Risk Management Department: Trade risk assessment, control of risk monitoring, and follow-up and performance evaluations
 5. Trade Clearing Department: trade settlement and clearing operations
- (2) The personnel responsible for trade execution and confirmation and settlement referred to above shall not be inter-exchangeable. Moreover, risk assessors, monitoring personnel, and controllers should not be in the same department with the staff referred to above. Department heads shall report to the board of directors or the management that is not responsible for trade or position decision-making.

4. Performance evaluation: The Finance Department has based on the realized net profit or loss after each contracted trade date to evaluate performance in accordance with the types of instruments traded; also, to compare and review profit and loss and performance periodically and report to the Chairman for review.

5. Total contract amount: The Company may not engage in derivative transactions for a total contract amount exceeding the actual business needs, instead, it should be limited to the amount of the hedged items; also, the individual contract amount and the total contract amount is limited to 20% of the Company's net worth.

6. Upper limit of loss: The Company has engaged in derivative transactions for the purpose of hedging; therefore, there is not necessary to set the upper limit of loss.

Article 22 Authorized quota

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

Article 23 Risk management measures and internal audit system:

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

Article 24 Regular assessment methods and nonconformity handling

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

Article 25 Supervision and management

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

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

The senior management authorized by the board of directors should have the derivative transactions managed in accordance with the following principles:

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

directors at the board meeting is mandatory.

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

Article 26 The Company's derivative transactions, unless otherwise regulated by law and this process, should be with a memorandum setup independently to document the type, amount, authorization quota, board approval date, and transaction date of the derivatives; also, the matters to be carefully assessed in accordance with Article 24 Paragraph 1 Subparagraph 1, Article 25 Paragraph 1 Subparagraph 2 and Paragraph 2 Subparagraph 1.

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

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

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

Article 27 For the process of corporate merger, spins-off, acquisition, or assignment of shares, the Company 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.

Article 28 For the process of corporate merger, spins-off, or acquisition, the Company should have the important stipulations content and related matters composed for the reference of the shareholders prior to the shareholders' meeting, including the opinions of experts and the notice of the shareholders' meeting for the reference of shareholders whether to agree to the corporate merger, spins-off, and acquisition. However, the corporate merger, spins-off, or acquisition that does not have to be resolved in the shareholders' meeting according to other governing regulations is not subject to the requirement.

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

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

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

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

1. Personnel information: including the title, name, and identity card number (or

passport number for foreigners) of the personnel involved in a merger, spins-off, acquisition, or assignment of shares, or, the plan executor.

2. Date of significant events: including the date of signing a letter of intent or memorandum, commissioning a financial or legal adviser, signing a contract, and convening a board meeting.
3. Important documents and minutes of meeting: including the documents of the merger, spins-off, acquisition, or assignment of shares plans, letters of intent or memorandum, important contracts, minutes of board meeting.

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

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

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

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

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

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

1. Event of default
2. The principle for the process of the equity-type securities issued or treasury stock repurchased by the discontinued or spins-off company due to a merger
3. The treasury stock to be repurchased lawfully by the involving company and the principle for its process after the base date for the calculation of stock swap ratio.

4. The process for the changes in the entity and the number of companies involved
5. The expected progress of the project and the schedule of completion
6. The process of convening a shareholders' meeting when the project is not completed on time

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

Article 34 For the company that is not a public company involved in a merger, spins-off, acquisition, or assignment of shares, it should have a contract signed with the Company in accordance with Article 29, Article 30, and Article 33.

Chapter III Information disclosure

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:

1. The acquisition or disposal of real estate from and to the related party, or the acquisition or disposal of assets other than real estate from and to the related party for an amount exceeds 20% of the paid-in capital, 10% of the total assets, or NT\$300 million. However, bond trades, RP and RS bonds and purchase or redemption of domestic money market funds are not subject to this restriction.
2. Process merger, spins-off, acquisition, or assignment of shares.
3. Engaged in derivatives transaction with a loss up to the limit of the total or individual contract amount regulated in this procedure.
4. The amount of the assets trade other than the ones in the three paragraphs referred to above, the disposal of credit by the financial institutions, or the investment in Mainland China for an amount exceeds 20% of the paid-in capital or NT\$300 million. Except for in the following circumstances:
 - (1) Bond trade
 - (2) RS and RP, and the purchase or redemption of the domestic money market funds
 - (3) The acquisition or disposal of assets that are operating equipment and the counterparty is not a related party; also, the trade amount does not exceed NT\$500 million.
 - (4) The Company expects to invest less than NT\$500 million for the acquisition of real estate with the methods of commissioned to build by land owner, commissioned to build by lessee, jointly built by separate estate, jointly built by percentage, and jointly built by separate sales.

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

1. Amount per transaction
2. The accumulated amount of the acquisition or disposal of the same underlying subject with the same counterparty within one year

3. The accumulated amount of the acquisition or disposal (itemized accumulation of acquisition and disposal) of real estate of the same development project within one year
4. The accumulated amount of the acquisition or disposal (itemized accumulation of acquisition and disposal) of the same security within one year

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.”

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

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

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.

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).

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

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

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

Chapter IV Additional Rules

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

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

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

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

Company's paid-in capital or total assets.

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

Article 41 The Procedures will be implemented with the approval of the board of directors and the resolution reached in the shareholders' meeting, so is the amendment.

Appendix Five

Yuanta Futures Co., Ltd. Shareholders Meeting Rules

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

- Article 1 For the purpose of establishing the Company's shareholder's meeting governance system, developing monitoring functions, and enhancing the management mechanism, the Rules are stipulated in accordance with Article 5 of the Company's "Corporate Governance Best-Practice Principles" for compliance.
- Article 2 The Company's "Shareholders Meeting Rules' Meetings," unless otherwise provided by the law and regulations or Articles of Incorporation, should be processed in accordance with the Rules.
- Article 3 The Company's shareholders' meetings, unless otherwise provided by the law and regulations, should be convened by the Board of Directors.
- The preparation and upload of the Company's notice of shareholders' meeting and Agenda Handbook is processed in accordance with the Company Law, Securities and Exchange Act, Regulations Governing Content and Compliance Requirements for Shareholders' Meeting Agenda Handbook of Public Companies, and the regulations published by the competent authorities.
- The notice and announcement of convening the board meeting can be made electronically with the consent of the counterparty.
- Director appointment or dismissal, Articles of Incorporation amendment, company dissolution, merger, spins-off, or the matters stated in Article 185 Paragraph 1 of the Company Law and Article 26-1 and Article 43-6 of the Securities and Exchange Act, and Article 56-1 and Article 60-2 of the "Regulations Governing the Offering and Issuance of Securities by Securities Issuers" should be cited in the reason for convening the meeting instead of in the motion.
- Shareholders with over 1% shareholding of the shares issued may have proposals presented in writing to the Company's General Shareholders' Meeting. However, it is limited to one proposal and the more than one proposals presented will not be discussed in the meeting. The board of directors may not have the proposals presented by shareholders that fall in the scope of Article 172-1 Paragraph 4 of the Company Law included for discussion.
- The Company should have the shareholders proposals, admission place, and admission period published prior to the stock transfer cut-off date before the shareholders' meeting; the admission period shall not be less than 10 days.
- The shareholder's proposal is limited to 300 words' otherwise it will not be included for discussion. The proposing shareholders must attend the shareholders' meeting in person or by proxy to participate in the proposal discussion.
- The Company shall have the processing result presented in the shareholders' meeting before the meeting convening date and have the proposals in compliance with this clause included in the notice of meeting. The board of directors is to give

the reason why the shareholder's proposal is not included for discussion in shareholders' meeting.

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

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

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

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

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

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

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

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

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

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

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

The director who is the representative of the Chairman to preside the meeting referred to above must have already served the term for more than six months and understand the Company's finance and business conditions. The rule referred to above does apply if the chairman is a representative of the legal director.

The Chairman shall personally preside the Shareholders' meeting that is convened

by the Board of Directors; also, a majority of the Board of Directors and at least one member of each functional committee should attend the meeting with the attendance recorded in the minutes of meeting.

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

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

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

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

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

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

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

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

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

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

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

The Chairman must give the proposal or the amendment and motion proposed by the shareholders an opportunity to be explained and discussed sufficiently until it is ready for balloting and then stop the discussion for balloting.

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

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

Each shareholder may not speak on the same proposal more than twice and not more than 5 minutes each time unless otherwise permitted by the Chairman. However, the Chairman may stop the shareholder from speaking if the speech is in violation of regulations or outside the scope of the proposal.

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

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

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

Article 12 The balloting of the shareholders' meeting is based on the shareholding represented. For the resolutions of the shareholders' meeting reached, the shareholding of the shareholders without balloting right is excluded from the count of the outstanding shares.

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

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

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

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

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

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

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

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

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

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

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

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

Article 14

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

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

Article 15

The resolutions reached in the shareholders' meeting must be documented in the minutes of meeting for the signature or seal of the Chairman. The minutes of meeting must be distributed to the shareholders in 20 days. The preparation and distribution of the minutes of shareholders' meeting can be processed electronically. The Company's minutes of shareholders' meeting referred to above can be distributed by posting it on the MOPS.

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

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

Article 16

The Company must have the statistics of the number of shares by soliciting and by proxy prepared in the prescribed format and has it disclosed openly at the meeting venue on the meeting date.

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

Article 17

The service personnel for the shareholders' meeting shall wear identification badges

or armbands.

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

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

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

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

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

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

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