

## Minutes of the 2018 Annual General Meeting of Yuanta Futures Co., Ltd.

Meeting time: 9:00am on May 24 (Thursday), 2018

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

Shareholding of the attending shareholders: 185,523,970 shares of the attending shareholders and by proxy (of which 168,025,016 votes were exercised electronically and were deemed present), representing 79.87% of the total issuance of 232,276,288 shares.

Chairman: Chairman Mr. Lin, Tien-Fu

Clerk: Chen, Wei-Ling

Attendees: Chairman, Mr. Lin, Tien-Fu; Chairman and President Ms. Chou, Hsiao-Ling; Director, Mr. Chen, Hsiu-Wei; Director, Mr. Kung, Shao-Hsing; (Audit Committee convener, Remuneration Committee convener) Independent Director, Mr. Lai, Kun-Hung ; CPA Se-kai Lin of PricewaterhouseCoopers Attorney Huai-Hsin Liang of Giant Era International Law Firm

I. Meeting commencement: Omitted.

II. Statement by the Chairman: Omitted

III. Reporting matters

1. Presenting the Company's 2017 Business Report. (Attachment I) -- Acknowledged by all present shareholders.
2. Audit Committee has the audit report for the Company's 2017 business report, financial statements, and statement of retained earnings presented for approval. (Attachment II) -- Acknowledged by all present shareholders.
3. Presenting the 2017 Employees' Remuneration Distribution. -- Acknowledged by all present shareholders.
4. The amended "Code of Ethical Conduct" report is hereby presented by the Company. (Attachment III) -- Acknowledged by all present shareholders.

IV. Acknowledgments:

Proposal 1:

Subject: Acknowledging the Company's 2017 Business Report and Financial Statements. (The proposal was submitted by the Board of Directors)

- Details:
1. The Company's 2017 consolidated financial statements and the individual financial statements were audited by CPA Se-kai Lin and CPA Po-Ju Kuo of PricewaterhouseCoopers and were resolved for acceptance on the 37<sup>th</sup> Meeting of the 9<sup>th</sup> Board of Directors (March 28, 2018). 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 individual financial statements, please refer to Attachment I and Attachment IV.
  3. The agenda has been proposed for acknowledgment.

Resolutions: This case was voted with 182,752,154 voting rights in favor, accounting for 98.50 % of the total voting rights of the presenting shareholders. There were 28,100 voting right not in favor of the case. There were 2,743,716 waived/not voted and 0 voting right invalid. This case is passed according to the resolution reached by voting in the board meeting.

Proposal 2:

Subject: Acknowledging the Company's 2017 Earnings Distribution. (The proposal was submitted by the Board of Directors)

- Details:
1. The 2017 annual earnings distribution proposal was in compliance with the Company Act and the Company's Articles of Incorporation; also, it was resolved for acceptance on the 37<sup>th</sup> Meeting of the 9<sup>th</sup> Board of Directors (March 28, 2018). 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\$1,540,145 (the same currency used in the financial reports) less the defined benefit plan actuarial gains and losses of NT\$636,393 included in the retained earnings and the 2017 net income of NT\$873,285,900 for a grand total of NT\$875,462,438 is available for distribution.
  3. The year earnings are appropriated for legal reserve of NT\$87,328,590, special reserve (20%) of NT\$174,657,180 and special reserve (Fintech 0.5%) of NT\$4,366,430. The cash dividend this year is NT\$2 per share and for a grand total of NT\$464,552,576. The unappropriated earnings amounted to NT\$144,557,662 afterwards. Please refer to Attachment V for further details regarding the

earnings appropriation.

4. The 2017 earnings are applied for the distribution of cash dividend, namely NT\$2 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.

Resolutions: This case was voted with 182,451,770 voting rights in favor, accounting for 98.34 % of the total voting rights of the presenting shareholders. There were 450,495 voting right not in favor of the case. There were 2,621,705 waived/not voted and 0 voting right invalid. This case is passed according to the resolution reached by voting in the board meeting.

#### V. Discussions

Subject: Partial amendments to the "Procedures for Election of Directors". (The proposal was submitted by the Board of Directors)

- Details:
- (1) Amended according to Letter No.1060020872 of Taipei Exchange (TPEX) issued on July 31, 2017, "Sample Template for XXX Co., Ltd. Procedures for Election of Directors and Supervisors" and "Procedures for Election of Directors" of Yuanta Financial Holding.
  - (2) Please refer to Attachment VI for the "Procedures for Election of Directors" amendment outlines and the updated text enclosed.
  - (3) Proposed for referendum.

Resolutions: This case was voted with 182,853,011 voting rights in favor, accounting for 98.56 % of the total voting rights of the presenting shareholders. There were 49,954 voting right not in favor of the case. There were 2,621,005 waived/not voted and 0 voting right invalid. This case is passed according to the resolution reached by voting in the board meeting.

#### VI. Elections

Subject: Please proceed with the election of the Company's directors (including independent directors) for the 10<sup>th</sup> term. (The proposal was submitted by the Board of Directors)

- Details:
- (1) The current term (9<sup>th</sup>) of the Company's directors (including independent directors) will be ended on May 20, 2018 with an election to be held in the current shareholders' meeting. There are 9 directors (including 3 independent directors) to be elected currently in accordance with Article 19 of the Articles of Incorporation.
  - (2) The tenure of the 9<sup>th</sup> term of directors (including independent directors) will be extended until the upcoming ordinary general shareholder's meeting. The three years tenure of the 10<sup>th</sup> term of directors will start from May 24, 2018 to May 23, 2021. Re-election is permitted.
  - (3) The list of the candidates for current board directors (including independent directors) approved by the board of directors on March 28, 2018 is as follows:

Name of the candidates for directors	Number of shares held	Education Background	Work Experience
Yuanta Financial Holdings Co., Ltd. Representative: Mr. Lin, Tien-Fu	Shareholding of Yuanta Financial Holdings: 159,467,282 shares	Yu Da High School of Commerce and Home Economics	<ol style="list-style-type: none"> <li>1. Chairman, Yuanta Futures Co., Ltd.</li> <li>2. President, Yuanta Securities Co., Ltd.</li> <li>3. Vice Chairman, Yuanta Securities Finance Co., Ltd.</li> <li>4. Director and President, Fuh Hwa Securities Investment Trust Co., Ltd.</li> <li>5. Director and Executive Vice President, Yuanta Core Pacific Securities Co., Ltd.</li> <li>6. Chairman, Ding Fu Securities Co., Ltd.</li> <li>7. Director, Yuanta Financial Holdings Co., Ltd.</li> </ol>
Yuanta Financial Holdings Co., Ltd. Representative: Ms. Chou, Hsiao-Ling		MBA in Finance, National Taiwan University	<ol style="list-style-type: none"> <li>1. Director and President, Yuanta Futures Co., Ltd.</li> <li>2. Director and President, Polaris Futures Co., Ltd.</li> <li>3. Director and Vice President, Overseas</li> </ol>

Name of the candidates for directors	Number of shares held	Education Background	Work Experience
			Chinese Bank 4. President of Brokerage Department, Polaris Securities Co., Ltd.
Yuanta Financial Holdings Co., Ltd. Representative: Mr. Li, Yueh-Tsang		Department of Sociology, Toyo University	1. Director, Yuanta Financial Holding Co., Ltd. 2. Director, Yuanta Securities Co., Ltd. 3. Director, Yuanta Futures Co., Ltd.
Yuanta Financial Holdings Co., Ltd. Representative: Mr. Chiu, Hsien-Tao		Business Administration Dept., Southwestern University	1. Director, Yuanta Financial Holding Co., Ltd. 2. Director, Yuanta Commercial Bank Co., Ltd. 3. Director, Yuanta Futures Co., Ltd. 4. Chairman, Taiwan Yi Ho International Co., Ltd., 5. Chairman, Fait International Co., Ltd. 6. Chairman, Kandlee Trading Co., Ltd. 7. Chairman, Guan Ya Investment Management Limited 8. Director, Chenlong Motors Co., Ltd. 9. Chairman, Yi Ho Motors Co., Ltd. 10. Director, Feng Lung Motors Co., Ltd.
Yuanta Financial Holdings Co., Ltd. Representative: Mr. Chen, Hsiu-Wei		Department of Law, National Chung Hsing University	1. Strategy Director, Legal Officer, Senior Secretary of Yuanta Financial Holding Co., Ltd. 2. Director, Yuanta Futures Co., Ltd. 3. Chairman, Yuanta I Venture Capital Co., Ltd. 4. Chairman, Yuanta Securities (HK) Co., Ltd.
Yuanta Financial Holdings Co., Ltd. Representative: Mr. Kung, Shao-Hsing		Department of Cooperative Economics, Tamkang University	1. Executive Vice President, Yuanta Securities Co., Ltd. 2. Vice President, Yuanta Securities Co., Ltd. 3. Director, Yuanta Futures Co., Ltd.

Name of the candidates for independent directors	Number of shares held	Education Background	Work Experience
Cho-Min YU	0	PhD in Management & Organizations, University of Michigan Ross School of Business	1. Professor of Business Administration, National Chengchi University 2. Independent Director, Yuanta Securities Co., Ltd.; 3. Independent Director, Yuanta Commercial Bank Co., Ltd. 4. Independent Director, Advantech Co., Ltd. 5. Director, supervisor, HannStar Display Corporation 6. Independent Director, Antec, Inc.
Ching-Shan Hung	0	1. Master of Accounting, National Chengchi University 2. Mast of Law, National ChengChi University	1. Independent Director, Yuanta Securities Co., Ltd.; 2. Independent Director, Yuanta Commercial Bank Co., Ltd. 3. Chairman, Qingsheng Financial Consulting Co., Ltd. 4. Vice Director, PwC Taiwan 5. Vice President, National Federation of CPA Associations of ROC.
Nai-Kuan Huang	0	PhD in Engineering, USC	1. Independent Director, Yuanta Securities Co., Ltd.; 2. Supervisor, RFIC Technology Corporatoin 3. Vice President and Chief Information Officer, Taiwan Stock Exchange Corporation

			4. Chairman, Taiwan Ratings Corp. 5. Vice President and Public Welfare Supervisor, Taiwan Futures Exchange 6. Chairman, TAIWAN-CA. Inc.
--	--	--	-----------------------------------------------------------------------------------------------------------------------------------------------

Result of election: As illustrated below:

Title	Account No. (ID No.)	Name of the elected	Elected shareholding (including number of electronic voting rights)
Director	12169	Yuanta Financial Holdings Co., Ltd. Representative: Mr. Lin, Tien-Fu	277,927,455
Director	12169	Yuanta Financial Holdings Co., Ltd. Representative: Ms. Chou, Hsiao-Ling	233,404,203
Director	12169	Yuanta Financial Holdings Co., Ltd. Representative: Mr. Li, Yueh-Tsang	181,170,236
Director	12169	Yuanta Financial Holdings Co., Ltd. Representative: Mr. Chiu, Hsien-Tao	160,314,021
Director	12169	Yuanta Financial Holdings Co., Ltd. Representative: Mr. Chen, Hsiu-Wei	158,304,990
Director	12169	Yuanta Financial Holdings Co., Ltd. Representative: Mr. Kung, Shao-Hsing	156,209,232
Independent Director	A10*****09	Cho-Min YU	154,103,700
Independent Director	T10*****50	Ching-Shan Hung	150,971,565
Independent Director	A10*****38	Nai-Kuan Huang	150,969,850

VII. Other matters:

**Subject:** Please discuss the proposal to release the Company's newly-elected directors from the "Non-competition Restrictions for Directors" prescribed in Article 209 of the Company Act. (The proposal was submitted by the board of directors.)

**Details:** I. Pursuant to Article 209 of the Company Act "If a director is engaged in activities which are within the business scope of the company, either for his/her own sake or on behalf of others, the director should explain to the shareholders' meeting the major contents of such activities and obtain approval accordingly."

II. For the newly elected directors (independent directors) who are subject to the non-compete clause of the Company Act Article 209, under the precondition of not-jeopardizing the interests of the Company, a proposal may be made in the shareholders' meeting to have the said non-compete clause against the newly elected directors (independent directors) lifted.

III. The directors (independent directors) on the list of the non-compete clause lifted are as follows.

1. The directors on the list of the non-compete clause lifted are as follows.

	Name	Adjunct to the company	Current additional positions
Director	Yuanta Financial Holding Co., Ltd. Representative: Mr. Li, Yueh-Tsang	Yuanta Securities Co., Ltd.	Director
Director	Yuanta Financial Holding Co., Ltd. Representative: Mr. Chiu, Hsien-Tao	Yuanta Commercial Bank Co., Ltd.	Director
Director	Yuanta Financial Holding Co., Ltd. Representative: Mr. Chen, Hsiu-Wei	Yuanta Securities (HK) Co., Limited	Chairman
Director	Yuanta Financial Holding Co., Ltd. Representative: Mr. Kung, Shao-Hsing	Yuanta Securities Co., Ltd.	Manager

2. The independent directors on the list of the non-compete clause lifted are as follows:

Name		Adjunct to the company	Current additional positions
Independent Director	Cho-Min YU	Yuanta Securities Co., Ltd.	Independent Director
		Yuanta Commercial Bank Co., Ltd.	
Independent Director	Ching-Shan Hung	Yuanta Securities Co., Ltd.	Independent Director
		Yuanta Commercial Bank Co., Ltd.	
Independent Director	Nai-Kuan Huang	Yuanta Securities Co., Ltd.	Independent Director

Resolutions: This case was voted with 182,687,406 voting rights in favor, accounting for 98.47 % of the total voting rights of the presenting shareholders. There were 186,324 voting right not in favor of the case. There were 2,650,240 waived/not voted and 0 voting right invalid. This case is passed according to the resolution reached by voting in the board meeting.

VIII. Extempore Motion: None

IX. Meeting adjourned: (9:50am)

Chairman: Mr. Lin, Tien-Fu

Clerk: Chen, Wei-Ling

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

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

**2017 Business Report**

I. Market Overview

Compares to the volatile market fluctuation in 2016 due to the Black Swan effect, the global economy got better in 2017 and the future market was relatively peaceful. However, several events still had a great impact on the global markets. In the performance of commodity futures, the international oil price had a steady rebound in 2017. Light crude oil prices also come to the new high after a year and a half. In metal futures, the livelihood metal was fundamentally on an upward trend. Copper futures was especially active in 2017 driven by the hype in automatic cars. Gold futures also had high volume trades with an upward trend due to the steady supplies and the rising demands.

In terms of domestic market, the trading volume of the Taiwan Futures Exchange (TAIFEX) in 2017 reached a record high of 265 million, the 4th consecutive year for more than 200 million. The total account opening for futures trading increased from 2016 and reached 1,739,050. The biggest change is that TAIFEX started the night trades as of May 15, 2017. The trading volume has accounted for 10% of the overall trades since its opening. As the night trades continues to amplify, the trading volume in 2018 is expected to be very optimistic.

In 2017, Yuan Futures continuously strengthen the management, including to improve the profitability of shareholder equity, the implementation of risk management and objectives of brokerage business, and so on. All operating objectives have been precisely implemented and achieved as follows: in financial performance, after-tax net profit of 2017 is NT\$873 million, ranked first in the specialty futures; after-tax EPS is NT\$3.76/share; after tax ROE is 11.92%. In turns of business performance, our market shares account for 21.71% in future brokerage, 14.61% in option brokerage, and 25.6% in foreign futures. All are ranked first and significantly lead the industry.

In addition, in response with the third round of mutual assessment in 2018 that will be conducted by Asia/Pacific Group for the Prevention of Money Laundering (APG) and to comply with the AML/CFT laws and regulations, the Company has been fully dedicated in executing AML/CFT risk management in 2017. We built up three lines of defense through our business units, law compliance and auditing department and complete the organization-wide risk assessment. The establishment of the AML/CFT prevention team to enhance the overall effectiveness of the risk management, reduce the relative risks, and fulfill the company's goal in steady growth.

II. Corporate governance

1. Participating in the 10<sup>th</sup>, 11<sup>th</sup>, and 12<sup>th</sup> "Information Disclosure Ranking Results in Taiwan by the Securities and Futures Institute" of the ROC Securities and Futures Institute with the highest honor of "A++" rating received; also, the Company is the one and only futures company in Taiwan receiving such honor for three consecutive years. It indicates that the Company's dedication to actively deploy new business and promote business; also, value and substantiate the concrete practice of corporate governance.
2. We participated in the past three "Corporate Governance Review" hosted by TWSE and TPEX from 2014-2016. Our evaluation results have been consistently ranked in the top 5% among all OTC companies. It is an honorable recognition of our operation philosophy in

honesty, maximizing the shareholder's equity, and sustainable operation.

3. From April 2012, the Board of Directors had the "Audit Committee" setup to replace the functions of supervisors, to supervise the Company's financial operations, internal control, regulatory compliance, and risk control for emphasizing an open and transparent management philosophy. The Audit Committee had convened 14 meetings in 2017.
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 2017, 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 2017 net income was NT\$873 million, the highest of the futures brokerage; also, the net EPS was NT\$3.76 and ROE after tax was 11.92%.
2. Business performance: Futures brokerage market share is 21.71% with a turnover of more than 34,050,000 transactions; option brokerage market share is 14.98% with a turnover of more than 54,040,000 transactions; foreign futures market share is 25.6% with a turnover of 8,410,000 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 2017:
  - (1) The third term recognition of the top 5% OTC companies in corporate governance review.
  - (2) No. 1 in futures companies amongst the Top 5000 large corporations in Taiwan.
  - (3) Awarded with the "Derivatives House of the Year - Highly Commended" by The Asset magazine.
  - (4) Awarded with the "Country Awards- Best Brokerage House, Taiwan" by The Asset magazine.
  - (5) Awarded with the "Outstanding Enterprise and "Most Popular Brand" at the 14<sup>th</sup> National Brand Yushan Award.
  - (6) Awarded with first place in the category of futures commission merchant trade volume of the 3<sup>rd</sup> "Futures Diamond Award" held by Taiwan Futures Exchange.
  - (7) The 14<sup>th</sup> Golden Goblet Award – Outstanding Futures Talent, Outstanding Risk Management, and Outstanding Financial Innovation.
  - (8) The 71<sup>th</sup> ROC Excellent Businessmen Award

4. The Company's 2017 income and expense and profitability analysis is summarized as follows:

(Unit: NTD thousand)

Item	2017	2016	Difference	Variation
Operating gains	2,921,001	2,933,375	-12,374	-0.42%
Operating expenses	1,523,720	1,526,765	-3,045	-0.20%
Operating fees	1,020,913	1,008,449	12,464	1.24%
Other profits and losses	648,732	592,095	56,637	9.57%
Earnings before tax	1,025,100	990,256	34,844	3.52%
Current period net profit	873,286	835,706	37,580	4.50%
Net profit margin	29.90%	28.49%	1.41%	4.9%
After-tax EPS (NTD)	3.76	3.6	0.16	4.44%
Return on shareholders' equity	11.92%	11.97%	-0.05%	-0.42%

#### IV. Research and development

As the leading brand of the futures industry, Yuanta Futures has a long-term commitment of integrity, excellence, sound and innovative business. Due to the development of the wave of digital finance in recent years, the Company also invest capital, manpower, and upgrade system equipment to research and development of the user-oriented “Yuanta Futures Smart Ecosystem Chain”, which includes online signing consultant contract, online payment, Cloud strategy platform, and online/offline courses. The Company aims to combine it with E-order through “Yuanta Intelligent Wizard” to create a one-stop financial services that optimize and provide the investors experiences. While developing financial technology, Yuanta Futures also focus on risk management. The Company's own risk management information system has now integrated different markets and financial commodities. Its risk models is now to meet different types of cross-market, trans-commodity complex trading strategy, becoming the most powerful tool and strong foundation to promote the Company's business. As a result, the winning of the 14<sup>th</sup> Golden Goblet Award for outstanding risk management and outstanding financial innovation in 2017 indicates our efforts and dedications in investing resources and development has been greatly recognized.

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

In 2017, Yuanta Futures will implement the overall operation strategy of innovative optimizing and global connectivity. To face the tough environment, we not only continuously implement the corporate government, shielding with strong financial backing and steady operation, we also continuously developing new products and optimize innovation to strengthen our strategy and business transform. In addition, the Company expanded overseas businesses to grasp the cross-border trend of business, and to implement the development of services to the real economy and other opportunities; As the business development in IB services, institutional business, futures consultants, leveraged traders and others, we are also optimizing the IT platform, risk management, interactive marketing services and research and development of competitiveness to plan, with the opening of the process and law, the future layout of the Asian market. With the combination innovation and development capabilities in FinTech, we plan to head towards the best integrated Futures service in Asia-Pacific region.



Our 2018 operation plan is as follows:

1. “Maintain our market share in brokerages” and “increase the gross margin, promote foreign currency futures consignment business to be the main driver of growth”, and “expand the investors’ AUM margin scale”. Cultivate domestic and international futures and options commodities and customers to maintain our leading position in operation and financial performance.
2. Promote “the plan of Futures Base in Hong Kong”. The Hong Kong branch expanded in May, 2017 and became the first Taiwanese company to obtain the secondary agency license of Shanghai International Energy Exchange Co., Ltd., (INE) and enter into the greater China investment circle. We expect to position the Hong Kong subsidiary as the diversified, cross-border, multi-dimensional international trading platform to satisfy our international investors’ needs of one-stop shop investing in 2018.
3. “Expand the leverage trading business scope” to create the market differentiate. We started to provide foreign currency margin and unique structural products in 2017. We expect to utilize our niches in futures and options trading to provide the general investors and institutional investors a variety of channel to profit or hedge. We also expect to lead the market using our abilities in new product development and innovations.
4. “Promote innovative financial development”, which includes improvement of customer services by integrate the Yuanta smart net with AI technology and the expected rollout of the “Yuanta Smart API” solution in 2018. The latter is expected to provide our investors with an unrestricted platform to trade by using their most accustomed system language. We are also ahead of our peers in developing a new form of APP and digital finance. We also improve the digital mobile services of Yuanta intelligent Wizard and integrate all domestic commodities trading system and investment information into the platform.
5. “Optimizing risk management” to cope with the ever-changing futures market. It includes strengthen the regulatory compliance and risk management of our oversea branches, develop core business talents and improve their abilities of innovative thinking, increase the system efficiency to prevent the loss and damage when the future market paralyzed (loss of liquidity), and augment the IT security to prevent hacking.

Chairman:

General Manager:

Accounting Supervisor:

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

For the Company's 2017 consolidated financial statements, financial statements and the 2017 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 Po-Ju Kuo of PwC (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 Act. Please bring attention to the presentation.

Best regards

The 2018 Annual General Meeting of Yuanta Futures Co., Ltd.

The Audit Committee of Yuanta Futures Co., Ltd.

Convener                      Mr. Lai, Kun-Hung

**March 28, 2018**

Attachment III

**Yuanta Futures Co., Ltd.**  
**The Comparison Table of the “Code of Ethical Conduct”**  
**Amendment**

Amendments	Current existing clauses	Description
<p>Article 2 (Terminology of the Code of Ethical Conduct)                      The staff in the Code of Ethical Conduct refers to the directors, managers, and employees.                      The managerial officers being referred in the Guidance includes the President, Vice President, the <u>managers of each department and branches managers as outlined in Article 29 of the Company Act.</u>                      The employee in the Guidance refers to anyone who is <u>hired by the Company and received compensation as a result of services performed</u>, excluding the <u>mentioned</u> managerial officers.</p>	<p>Article 2 (Terminology of the Code of Ethical Conduct)                      The staff in the Code of Ethical Conduct refers to the board directors, managers, and <u>other</u> employees.                      The managerial officers in the Code of Ethical Conduct includes the President, Vice President, <u>Assistant Vice President, and other managers who are authorized for business operation and authorized to sign documents on behalf of the company.</u>  <u>The employee</u> in the Code of Ethical Conduct refers to the managerial officers and <u>other employees.</u></p>	<p>In order to distinguish the definition of the employee and the managerial officers, the definition in article II – Managerial officers and Paragraph III – Employees are amended.</p>
<p>Article 5 (Equal job opportunity and prohibition of discrimination)                      The Company respects a diversified society and gives <u>managers and employees equal job opportunity and career development without practicing any differential treatment or any form of discrimination due to personal gender, race, religion, political parties, <u>sexual orientation</u>, rank, nationality, or age.</u></p>	<p>Article 5 (Equal job opportunity and prohibition of discrimination)                      The Company respects a diversified society and gives employees equal job opportunity and career development without practicing any differential treatment or any form of discrimination due to personal gender, race, religion, political parties, <u>gender orientation</u>, rank, nationality, or age.</p>	<ol style="list-style-type: none"> <li>1. The employees hired by the Company shall include managerial officers. The term “managerial officers” is added as amended in the article.</li> <li>2. Due to the “gender orientation” is a less common used legal term, the reference is revised as “sexual orientation” in the article in accordance with Employment Service Law, Article 5.</li> </ol>
<p>Article 14 (Prevention of possible conflicts of interest)                      Directors and <u>managerial officers</u> shall exercise a high degree of self-discipline. If a board director and <u>mentioned person</u> or a juristic person represented by the board director is an interested party with respect to any proposal for a board meeting and the relationship is likely to prejudice the interests</p>	<p>Article 14 (Prevention of possible conflicts of interest)                      Directors shall exercise a high degree of self-discipline.                      If a board director a juristic person represented by the board director is an interested party with respect to any proposal for a board meeting and the relationship is likely to prejudice the interests of the company, either recognized by the <u>directors</u> or by the board,</p>	<p>Due to the managerial officers is also within the scope of prevention of possible conflicts of interest, the term “managerial officers” is added to amended Paragraph I and II.</p>

Amendments	Current existing clauses	Description
<p>of the company, either recognized by <u>themselves</u> or by the board, these persons shall enter recusal during the discussion and voting.</p> <p>When board directors <u>and managerial officers</u> believe that they cannot handle business operation objectively or to the advantage of the Company, or, may have a conflict of interest in certain matters, they should take the initiative to clarify it and handle it legally and properly, otherwise, they should have themselves excused from handling the matters.</p> <p>When board directors and managerial officers, due to their job position and authority, or their spouses, parents, children, or second-degree cousins and their employers have involved in the business operation of the Company, they should take the initiative to clarify it and handle it legally and properly, otherwise, they should have themselves excused from handling the matters.</p>	<p>these persons shall enter recusal during the discussion and voting.</p> <p>When board directors believe that they cannot handle business operation objectively or to the advantage of the Company, or, may have a conflict of interest in certain matters, they should take the initiative to clarify it and handle it legally and properly, otherwise, they should have themselves excused from handling the matters.</p> <p>When board directors and managerial officers, due to their job position and authority, or their spouses, parents, children, or second-degree cousins and their employers have involved in the business operation of the Company, they should take the initiative to clarify it and handle it legally and properly, otherwise, they should have themselves excused from handling the matters.</p>	
<p>Article 15 (Fair trade and treatment)</p> <p>The Company’s staff should treat the trade counterparties fairly without any unfair or unethical conduct committed, including:</p> <ol style="list-style-type: none"> <li>1. Making improper mutual interest;</li> <li>2. Spreading rumors about customers, traders, competitors, and <u>company’s staff</u></li> <li>3. Deliberately misrepresenting the quality or content of the Company’s products or services</li> <li>4. Other illegal gains collected through manipulation, concealment, and abuse of information that is learned from the job duties, making false statements, or</li> </ol>	<p>Article 15 (Fair trade and treatment)</p> <p>The Company’s staff should treat the trade counterparties fairly without any unfair or unethical conduct committed, including:</p> <ol style="list-style-type: none"> <li>1. Making improper mutual interest;</li> <li>2. Spreading rumors about customers, traders, competitors, and employees</li> <li>3. Deliberately misrepresenting the quality or content of the Company’s products or services</li> <li>4. Other illegal gains collected through manipulation, concealment, and abuse of information that is learned from the job duties, making false statements, or practicing unfair trading.</li> </ol>	<p>The target that the untruthful rumor shall not be spread against shall include directors and managerial officers. Therefore, the word “staff” is amended to be included in the article.</p>

Amendments	Current existing clauses	Description
<p>practicing unfair trading. The Company's staff when dealing with the related party or affiliated companies shall conform to the principle of equality and comply with regulations, requirements of the competent authority, and the specifications of the Company without any preferential treatment.</p>	<p>The Company's staff when dealing with the related party or affiliated companies shall conform to the principle of equality and comply with regulations, requirements of the competent authority, and the specifications of the Company without any preferential treatment.</p>	
<p>Article 19 (Limitation of engaging in political parties) The Company's <u>staff</u> may not engage in any activities of political parties at workplace or during working hours; also, may not use company resources for such purpose. Specific public activities carried out by the public relations staff is not subject to such limitation.</p>	<p>Article 19 (Limitation of engaging in political parties) The Company's <u>employee</u> may not engage in any activities of political parties at workplace or during working hours; also, may not use company resources for such purpose. Specific public activities carried out by the public relations staff is not subject to such limitation.</p>	<p>The prohibition of performing political campaign during the working hours or within the working environment shall also include director and managerial officers. Therefore, the word "staff" is amended to be included in the article.</p>
<p>Article 27 (The announcement and implementation of the Code of Ethical Conduct) The Code of Ethical Conduct should be implemented with the approval of <u>audit committee</u> and the board of directors and reported in the shareholders' meeting, so is the amendment.</p>	<p>Article 27 (The announcement and implementation of the Code of Ethical Conduct) The Code of Ethical Conduct should be implemented with the approval of the board of directors and reported in the shareholders' meeting, so is the amendment.</p>	<p>The amended "The Code of Ethical Conduct" should be implemented with the approval of audit committee and the board of directors and reported in the shareholders' meeting.</p>

## Attachment IV

### Auditor's Report

(2018) Cai-Shen-Bao-Zi No. 17004129

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, 2017 and 2016 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, 2017 and 2016, 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 2017 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, 2017, the unlisted stock investment amount of the available-for-sale financial assets amounted to NT\$1,183,345 thousand dollars.

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 similar comparable company selected by the management, including assessing the degree of similarity of its business characteristics and the supporting document.
4. Check the P/E (price-to-earnings) 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 2017 and 2016 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 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 individual financial information of Yuanta Futures and its subsidiaries 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 2017 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

Se-kai Lin

CPA

Po-Ju Kuo

Former Securities and Futures Bureau, Financial Supervisory  
Commission, Executive Yuan  
Approval Document No.: Jin-Guan-Zheng-6-0960072936  
Former Financial Supervisory Commission, Executive Yuan.  
Approval Document No.: Jin-Guan-Zheng-Shen-Zi No.  
1000035997  
March 28, 2018



Yuanta Futures Co., Ltd. and its subsidiaries  
(Originally: Yuanta Futures Co., Ltd. and its subsidiaries)  
Consolidated Balance Sheet  
December 31, 2017 and 2016

Unit: NTD thousand

	Assets	Additional notes	December 31, 2017		December 31, 2016	
			Amount	%	Amount	%
<b>Current assets</b>						
111100	Cash and cash equivalents	6(1) and 7	\$ 4,776,563	8	\$ 4,646,555	8
112000	Financial assets at fair value through profit or loss- current	6(2), 7 and 11	146,673	-	259,894	-
113400	Available-for-sale financial assets - current	6 (4)	280,461	1	176,883	-
114070	Customers' margin accounts	6(3) and 7	49,642,864	87	54,305,390	87
114080	Futures trading margin receivable		241	-	703	-
114100	Stock Borrowing Margin (SBL)	7	6,130	-	311,108	1
114130	Accounts receivable		11,441	-	351,084	1
114140	Accounts receivable - related parties	7	4,828	-	3,133	-
114150	Prepayments		7,879	-	4,321	-
114170	Other receivable		15,279	-	27,986	-
114180	Other receivables - related parties	7	8,645	-	27,227	-
114300	Leverage contract trading customer margin account	7	45,372	-	-	-
114600	Current Income Tax Asset		341	-	453	-
119000	Other current assets		13	-	482	-
110000	<b>Total of Current Assets</b>		<u>54,946,730</u>	<u>96</u>	<u>60,115,219</u>	<u>97</u>
<b>Non-Current assets</b>						
123400	Available-for-sale financial assets - non-current	6 (4)	1,273,519	2	1,330,040	2
125000	Property and equipment	6 (7)	576,842	1	53,039	-
127000	Intangible assets	6 (8)	36,626	-	30,396	-
128000	Deferred income tax assets	6 (24)	14,103	-	16,600	-
129010	Business guaranty bond	6(5), 7 and 8	147,168	-	165,000	-
129020	Settlement / clearance fund	6 (6)	442,569	1	442,913	1
129030	Guarantee deposits paid	7	22,823	-	12,754	-
129130	Prepayment for equipment purchase		9,290	-	5,882	-
120000	<b>Total of Non-Current Assets</b>		<u>2,522,940</u>	<u>4</u>	<u>2,056,624</u>	<u>3</u>
906001	<b>Total assets</b>		<u>\$ 57,469,670</u>	<u>100</u>	<u>\$ 62,171,843</u>	<u>100</u>

(Continued next page)

Yuanta Futures Co., Ltd. and its subsidiaries  
(Originally: Yuanta Futures Co., Ltd. and its subsidiaries)  
Consolidated Balance Sheet  
December 31, 2017 and 2016

Unit: NTD thousand  
December 31, 2016

Liabilities and equity	Additional notes	December 31, 2017		December 31, 2016		
		Amount	%	Amount	%	
<b>Current liabilities</b>						
212000	Financial liabilities at fair value through profit or loss- current	6(2) and 11	\$ 7,449	-	\$ 354,386	1
214080	Futures traders' equity	6(3) and 7	49,432,661	86	54,187,829	87
214100	Leverage contract trading investor rights		44,813	-	-	-
214130	Accounts payable		128,211	-	78,804	-
214140	Accounts payable - related parties	7	24,654	-	17,207	-
214160	Agency Receipts		5,729	-	5,085	-
214170	Other payable		204,152	1	183,083	-
214180	Other payables - related parties	7	733	-	21,513	-
214200	Other financial liabilities- current		500	-	-	-
214600	Current Income Tax Liability		59,796	-	63,746	-
219000	Other current liabilities		23,343	-	5,324	-
210000	<b>Total of current liabilities</b>		<u>49,932,041</u>	<u>87</u>	<u>54,916,977</u>	<u>88</u>
<b>Non-current liabilities</b>						
225100	Liabilities reserve- non-current	6 (9)	67,824	-	70,970	-
229000	Other non-current liabilities		2,220	-	-	-
220000	<b>Total of non-current liabilities</b>		<u>70,044</u>	<u>-</u>	<u>70,970</u>	<u>-</u>
906003	<b>Total liabilities</b>		<u>50,002,085</u>	<u>87</u>	<u>54,987,947</u>	<u>88</u>
<b>Attributable to owners of the parent company</b>						
<b>Share capital</b>						
301010	Ordinary shares capital	6 (10)	2,322,763	4	2,322,763	4
<b>Capital reserve</b>						
302000	Capital reserve	6 (11)	940,976	2	940,976	1
<b>Retained earnings</b>						
304010	Legal earnings reserve	6 (13)	720,097	1	637,326	1
304020	Special earnings reserve	6 (12)	1,696,347	3	1,526,665	3
304040	Undistributed earnings	6 (13)	875,462	1	827,716	1
<b>Other equity</b>						
305000	Other equity	6 (14)	911,940	2	928,450	2
906004	<b>Total equity</b>		<u>7,467,585</u>	<u>13</u>	<u>7,183,896</u>	<u>12</u>
906002	<b>Total liabilities and equity</b>		<u>\$ 57,469,670</u>	<u>100</u>	<u>\$ 62,171,843</u>	<u>100</u>

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

Chairman: Mr. Lin, Tien-Fu

General Manager: Ms. Chou, Hsiao-Ling

Accounting Supervisor: Yuan, Liang-Huei

Yuanta Futures Co., Ltd. and its subsidiaries  
(Originally: Yuanta Futures Co., Ltd. and its subsidiaries)  
Consolidated comprehensive income statements  
January 1 to December 31, 2017 and 2016

Unit: NTD thousand  
(except EPS in NTD)

Item	Additional notes	2017		2016		
		Amount	%	Amount	%	
<b>Revenue</b>						
401000	Brokerage commission	6(15) and 7	\$ 2,712,136	93	\$ 2,733,061	93
410000	Operating gain on sale of securities	6(16)	2,486	-	2,764	-
421300	Dividend income		3,263	-	-	-
421500	Net loss of securities trade measured at the fair value through profit or loss		( 106)	-	( 11,712)	-
421600	SBL and reverse sell margin-trading-short - net loss		( 55,765)	( 2)	-	-
421610	Net Profit (Losses) on Measurement at Fair Value through Profit or Loss for Securities Held for Operations		607	-	( 225)	-
424200	Security commission earned	7	4,425	-	3,139	-
424300	Settlement and clearance fees	6(17) and 7	75,996	3	82,514	3
424400	Net gains in the derivative financial instruments	6(2) (18)	135,539	5	59,338	2
424800	Management fee income		198	-	49	-
424900	Consultancy fee income		16,487	-	15,826	-
428000	Other operating revenue	7	25,735	1	48,621	2
400000	<b>Total revenues</b>		<u>2,921,001</u>	<u>100</u>	<u>2,933,375</u>	<u>100</u>
<b>Expense</b>						
501000	Brokerage commission expenses	6(19)	( 516,514)	( 18)	( 502,321)	( 17)
502000	Proprietary trade service charge	6(19)	( 5,951)	-	( 10,881)	-
521200	Financial costs	7	( 34,609)	( 1)	( 31,391)	( 1)
524100	Futures commission expenses	6(20) and 7	( 554,276)	( 19)	( 570,403)	( 20)
524300	Clearance and settlement service expenses		( 411,591)	( 14)	( 411,769)	( 14)
528000	Other operating expenses		( 779)	-	-	-
531000	Employee Benefit expenses	6(21) (22)	( 539,067)	( 19)	( 543,915)	( 19)
532000	Depreciation and amortization expenses	and 6(7) (8) (21)	( 39,503)	( 1)	( 41,569)	( 1)
533000	Other operating expenses	6(21) (26) and 7	( 442,343)	( 15)	( 422,965)	( 14)
500000	<b>Total Expense</b>		<u>( 2,544,633)</u>	<u>( 87)</u>	<u>( 2,535,214)</u>	<u>( 86)</u>
<b>Operating profit</b>						
602000	Other profits and losses	6(23) and 7	376,368	13	398,161	14
902001	<b>Earnings before tax</b>		<u>648,732</u>	<u>22</u>	<u>592,095</u>	<u>20</u>
701000	Income tax expense	6(24)	( 151,814)	( 5)	( 154,550)	( 5)
902005	<b>Current period net profit</b>		<u>\$ 873,286</u>	<u>30</u>	<u>\$ 835,706</u>	<u>29</u>

(Continued next page)

Yuanta Futures Co., Ltd. and its subsidiaries  
(Originally: Yuanta Futures Co., Ltd. and its subsidiaries)  
Consolidated comprehensive income statements  
January 1 to December 31, 2017 and 2016

Unit: NTD thousand  
(except EPS in NTD)  
2016

Item	Additional notes	2017		2016	
		Amount	%	Amount	%
<b>Other general gains and losses</b>					
<b>Items that are not reclassified as profit and loss:</b>					
805510 Defined benefit plan revaluation amount and volume 6 (9)		\$ 766	-	(\$ 10,756)	( 1)
805599 Income tax related to accounts not being reclassified 6 (24)		( 131)	-	1,828	-
<b>Accounts to be reclassified to profit or loss subsequently:</b>					
805610 Exchange differences arising from translating the financial statements of foreign operations 6 (14)		( 23,052)	( 1)	( 10,751)	-
805620 Unrealized valuation gains on financial asset available for sale 6 (4) (14)		6,542	-	120,352	4
<b>Other comprehensive income (post-tax profit or loss)</b>		( 15,875)	( 1)	100,673	3
<b>Total comprehensive income for the period</b>		<u>\$ 857,411</u>	<u>29</u>	<u>\$ 936,379</u>	<u>32</u>
<b>Profit attributable to:</b>					
Owners of parent		<u>\$ 873,286</u>	<u>30</u>	<u>\$ 835,706</u>	<u>28</u>
<b>Total comprehensive income attributable to:</b>					
Owners of parent		<u>\$ 857,411</u>	<u>29</u>	<u>\$ 936,379</u>	<u>32</u>
<b>Earnings per ordinary share</b> 6 (25)					
<b>Basic and diluted earnings per share</b>		<u>\$</u>	<u>3.76</u>	<u>\$</u>	<u>3.60</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: Yuan, Liang-Huei

Yuanta Futures Co., Ltd. and its subsidiaries  
(Originally: Yuanta Futures Co., Ltd. and its subsidiaries)  
Consolidated statement of changes in equity  
January 1 to December 31, 2017 and 2016

Unit: NTD thousand

	Additional notes	Attributable to owners of the parent company							Total equity	
		Capital reserve			Retained earnings			Other equity		
		Ordinary shares capital	Share Premium	Consolidated P remium Amount	Legal earnings reserve	Special earnings reserve	Undistributed earnings	Exchange differences arising from translating the financial statements of foreign operations		Unrealized gains or losses on financial asset available for sale
<u>2016</u>										
Balance at January 1, 2016	6 (10)	\$ 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	6 (13)									
Legal earnings reserve		-	-	-	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 (14)	-	-	-	-	-	( 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>
<u>2017</u>										
Balance at January 1, 2017	6 (10)	\$ 2,322,763	\$ 894,643	\$ 46,333	\$ 637,326	\$ 1,526,665	\$ 827,716	(\$ 4,224 )	\$ 932,674	\$ 7,183,896
Dividend allocation and distribution for 2016	6 (13)									
Legal earnings reserve		-	-	-	82,771	-	( 82,771 )	-	-	-
Special earnings reserve		-	-	-	-	169,682	( 169,682 )	-	-	-
Cash dividend to shareholders		-	-	-	-	-	( 573,722 )	-	-	( 573,722 )
2017 net profit		-	-	-	-	-	873,286	-	-	873,286
2017 Other general gains and losses	6 (14)	-	-	-	-	-	635	( 23,052 )	6,542	( 15,875 )
Balance at December 31, 2017		<u>\$ 2,322,763</u>	<u>\$ 894,643</u>	<u>\$ 46,333</u>	<u>\$ 720,097</u>	<u>\$ 1,696,347</u>	<u>\$ 875,462</u>	<u>(\$ 27,276 )</u>	<u>\$ 939,216</u>	<u>\$ 7,467,585</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: Yuan, Liang-Huei

Yuanta Futures Co., Ltd. and its subsidiaries  
(Originally: Yuanta Futures Co., Ltd. and its subsidiaries)  
Consolidated cash flow statement  
January 1 to December 31, 2017 and 2016

Unit: NTD thousand

	<u>Additional notes</u>	<u>2017</u>	<u>2016</u>
<u>Cash flow from operating activities</u>			
Pre-tax profit for the current period		\$ 1,025,100	\$ 990,256
Adjustments			
Income, expense, and loss			
Depreciation	6 (7) (21)	35,937	34,855
Amortizations	6 (8) (21)	3,566	6,714
Interest income	6 (23)	( 498,976 )	( 536,858 )
Interest expenses		34,609	31,392
Losses (gains) from disposal of financial assets available for sale	6 (4)	( 108,280 )	2,364
Gains from disposal of property or equipment	6 (7)	-	( 2,516 )
Dividend income		( 54,043 )	( 36,338 )
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		113,221	306,415
Customers' margin accounts		4,662,526	( 4,549,320 )
Leverage contract trading customer margin account	(	45,372 )	-
Futures trading margin receivable		462	-
Stock Borrowing Margin (SBL)		304,978	( 285,207 )
Accounts receivable		339,643	( 319,936 )
Accounts receivable - related parties	(	1,695 )	2,067
Prepayments	(	3,558 )	476
Other receivable		9,876	( 4,188 )
Other receivables - related parties		19,599	( 4,027 )
Other current assets		469	( 451 )
Net changes in liabilities relating to operating activities			
Financial liabilities at fair value through profit or loss-current	(	346,937 )	344,317
Futures traders' equity	(	4,755,168 )	4,592,633
Leverage contract trading investor rights		44,813	-
Accounts payable		49,407	( 60,025 )
Accounts payable - related parties		7,447	( 8,731 )
Agency Receipts		644	( 121 )
Other payable		20,868	( 6,507 )
Other payables - related parties	(	20,788 )	20,882
Other financial liabilities-current		500	-
Other current liabilities		18,019	( 1,534 )
Liabilities reserve- non-current	(	2,380 )	733
Other non-current liabilities		2,220	-
Net cash provided by operating activities		<u>856,707</u>	<u>517,345</u>
Interest received		501,138	525,604
Income tax paid	(	153,286 )	( 134,075 )
Dividends received		54,043	36,338
Interest paid	(	34,400 )	( 28,082 )
Net cash inflow from operating activities		<u>1,224,202</u>	<u>917,130</u>
<u>Cash flow from investing activities</u>			
Acquisition of available-for-sale financial assets	(	469,222 )	( 189,520 )
Proceeds from disposal of financial assets available for sale		529,228	14,525
Decrease in investments accounted for by the equity method		-	8,519
Purchase of property and equipment	6 (7)	( 522,877 )	( 22,433 )
Disposal of real estate and equipment	6 (7)	-	8,314
Increase in intangible assets	6 (8)	( 882 )	( 1,917 )
Decrease in business guaranty bond		17,832	20,000
Decrease in settlement / clearance fund		344	48,425
Increase in installment on equipment	(	51,500 )	( 3,746 )
Increase in guarantee deposits paid	(	10,069 )	( 3,039 )
Net cash outflow from investing activities	(	507,146 )	( 120,872 )
<u>Cash flow from financing activities</u>			
Cash dividend distribution	6 (13)	( 573,722 )	( 529,590 )
Net cash outflow from financing activities	(	573,722 )	( 529,590 )
Impact of change in exchange rate on cash and cash equivalent	(	13,326 )	( 7,858 )
Increase in cash and cash equivalents for the current period		130,008	258,810
Opening balance of cash and cash equivalents		4,646,555	4,387,745
Closing balance of cash and cash equivalents		<u>\$ 4,776,563</u>	<u>\$ 4,646,555</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: Yuan, Liang-Huei

## Auditor's Report

(2018) Cai-Shen-Bao-Zi No. 17004130

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, 2017 and 2016 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, 2017 and 2018, 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 2017 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, 2017, the unlisted stock investment of the available-for-sale financial assets amounted to NT\$1,183,345 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:

1. 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.
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 similar comparable company selected by the management, including assessing the degree of similarity of its business characteristics and the supporting document.
4. Check the P/E (price-to-earnings) 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 business entities within the 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 2017 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

Se-kai Lin

CPA

Po-Ju Kuo

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

Approval Document No.: Jin-Guan-Zheng-6-Zi No. 0960072936

Former Financial Supervisory Commission, Executive Yuan.

Approval Document No.: Jin-Guan-Zheng-Shen-Zi No. 1000035997

March 28, 2018

Yuanta Futures Co., Ltd.  
(Originally: Yuanta Futures Co., Ltd.)  
Individual Balance Sheet  
December 31, 2017 and 2016

Unit: NTD thousand

	Assets	Additional notes	December 31, 2017		December 31, 2016	
			Amount	%	Amount	%
<b>Current assets</b>						
111100	Cash and cash equivalents	6(1) and 7	\$ 4,288,867	8	\$ 4,269,421	7
112000	Financial assets at fair value through profit or loss- current	6(2), 7 and 11	40,212	-	259,894	-
113400	Available-for-sale assets - current	financial 6 (4)	280,461	-	176,883	-
114070	Customers' margin accounts	6(3) and 7	48,894,899	86	54,305,390	87
114080	Futures trading margin receivable		241	-	703	-
114100	Stock Borrowing Margin (SBL)	7	6,130	-	311,108	1
114130	Accounts receivable		11,441	-	351,084	1
114140	Accounts receivable - related parties	7	4,828	-	3,133	-
114150	Prepayments		5,557	-	4,138	-
114170	Other receivable		14,388	-	27,452	-
114180	Other receivables - related parties	7	8,111	-	27,055	-
114300	Leverage contract trading customer margin account	7	45,372	-	-	-
114600	Current Income Tax Asset		341	-	453	-
119000	Other current assets		13	-	16	-
110000	<b>Total of Current Assets</b>		<u>53,600,861</u>	<u>94</u>	<u>59,736,730</u>	<u>96</u>
<b>Non-Current assets</b>						
123400	Available-for-sale assets - non-current	financial 6 (4)	1,183,345	2	1,230,961	2
124100	Investments accounted for by the equity method	6 (5)	721,074	2	482,705	1
125000	Property and equipment	6 (8)	552,173	1	50,487	-
127000	Intangible assets	6 (9)	36,042	-	29,852	-
128000	Deferred income tax assets	6 (25)	14,103	-	16,600	-
129010	Business guaranty bond	6(6), 7 and 8	140,000	-	165,000	-
129020	Settlement / clearance fund	6 (7)	442,569	1	442,913	1
129030	Guarantee deposits paid	7	19,612	-	9,511	-
129130	Prepayment for equipment purchase		9,290	-	5,762	-
120000	<b>Total of Non-Current Assets</b>		<u>3,118,208</u>	<u>6</u>	<u>2,433,791</u>	<u>4</u>
906001	<b>Total assets</b>		<u>\$ 56,719,069</u>	<u>100</u>	<u>\$ 62,170,521</u>	<u>100</u>

(Continued next page)

Yuanta Futures Co., Ltd.  
(Originally: Yuanta Futures Co., Ltd.)  
Individual Balance Sheet  
December 31, 2017 and 2016

Unit: NTD thousand

Liabilities and equity	Additional notes	December 31, 2017		December 31, 2016	
		Amount	%	Amount	%
<b>Current liabilities</b>					
212000	Financial liabilities at fair value through profit or loss-current	\$ 7,136	-	\$ 354,386	1
214080	Futures traders' equity	48,684,919	86	54,187,829	87
214100	Leverage contract trading investor rights	44,813	-	-	-
214130	Accounts payable	128,211	-	78,804	-
214140	Accounts payable - related parties	24,654	-	17,207	-
214160	Agency Receipts	6,186	-	5,076	-
214170	Other payable	201,149	1	181,770	-
214180	Other payables - related parties	733	-	21,513	-
214200	Other financial liabilities-current	500	-	-	-
214600	Current Income Tax Liability	59,796	-	63,746	-
219000	Other current liabilities	23,343	-	5,324	-
210000	<b>Total of current liabilities</b>	<u>49,181,440</u>	<u>87</u>	<u>54,915,655</u>	<u>88</u>
<b>Non-current liabilities</b>					
225100	Liabilities reserve-non-current	67,824	-	70,970	-
229000	Other non-current liabilities	2,220	-	-	-
220000	<b>Total of non-current liabilities</b>	<u>70,044</u>	<u>-</u>	<u>70,970</u>	<u>-</u>
906003	<b>Total liabilities</b>	<u>49,251,484</u>	<u>87</u>	<u>54,986,625</u>	<u>88</u>
<b>Share capital</b>					
301010	Ordinary shares capital	2,322,763	4	2,322,763	4
<b>Capital reserve</b>					
302000	Capital reserve	940,976	2	940,976	1
<b>Retained earnings</b>					
304010	Legal earnings reserve	720,097	1	637,326	1
304020	Special earnings reserve	1,696,347	3	1,526,665	3
304040	Undistributed earnings	875,462	1	827,716	1
<b>Other equity</b>					
305000	Other equity	911,940	2	928,450	2
906004	<b>Total equity</b>	<u>7,467,585</u>	<u>13</u>	<u>7,183,896</u>	<u>12</u>
906002	<b>Total liabilities and equity</b>	<u>\$ 56,719,069</u>	<u>100</u>	<u>\$ 62,170,521</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: Yuan, Liang-Huei

Yuanta Futures Co., Ltd.  
(Originally: Yuanta Futures Co., Ltd.)  
Individual comprehensive income statements  
January 1 to December 31, 2017 and 2016

Unit: NTD thousand  
(except EPS in NTD)

Item	Additional notes	2017		2016		
		Amount	%	Amount	%	
<b>Revenue</b>						
401000	Brokerage commission	6(16) and 7	\$ 2,708,485	94	\$ 2,733,061	95
410000	Operating gain on sale of securities	6 (17)	2,486	-	2,764	-
421300	Dividend income		3,263	-	-	-
421500	Net loss of securities trade measured at the fair value through profit or loss		( 106)	-	( 11,712)	-
421600	SBL and reverse sell margin-trading-short - net loss		( 55,765)	( 2)	-	-
421610	Net Profit (Losses) on Measurement at Fair Value through Profit or Loss for Securities Held for Operations		607	-	( 225)	-
424200	security commission earned	7	4,425	-	3,139	-
424300	Settlement and clearance fees	6(18) and 7	75,996	3	82,514	3
424400	Net gains in the derivative financial instruments	6 (2) (19)	133,245	5	59,338	2
424800	Management fee income		198	-	49	-
424900	Consultancy fee income		16,487	-	15,826	-
428000	Other operating losses	7	( 1,553)	-	( 644)	-
400000	<b>Total revenues</b>		<u>2,887,768</u>	<u>100</u>	<u>2,884,110</u>	<u>100</u>
<b>Expense</b>						
501000	Brokerage commission expenses	6 (20)	( 516,514)	( 18)	( 502,321)	( 18)
502000	Proprietary trade service charge	6 (20)	( 5,621)	-	( 10,881)	-
521200	Financial costs	7	( 34,607)	( 1)	( 31,392)	( 1)
524100	Futures commission expenses	6(21) and 7	( 554,543)	( 19)	( 570,403)	( 20)
524300	Clearance and settlement service expenses		( 411,591)	( 14)	( 411,769)	( 14)
528000	Other operating expenses		( 779)	-	-	-
531000	Employee Benefit expenses	6 (22) (23)	( 513,941)	( 18)	( 539,392)	( 19)
532000	Depreciation and amortization expenses	6 (8) (9) (22)	( 34,623)	( 1)	( 36,890)	( 1)
533000	Other operating expenses	6(22) (27) and 7	( 390,745)	( 14)	( 364,183)	( 13)
500000	<b>Total Expense</b>		<u>( 2,462,964)</u>	<u>( 85)</u>	<u>( 2,467,231)</u>	<u>( 86)</u>
<b>Operating profit</b>						
601100	Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	6 (5)	( 40,114)	( 2)	( 11,794)	-
602000	Other profits and losses	6(24) and 7	<u>640,410</u>	<u>22</u>	<u>585,171</u>	<u>20</u>
902001	<b>Earnings before tax</b>		<u>1,025,100</u>	<u>35</u>	<u>990,256</u>	<u>34</u>
701000	Income tax expense	6 (25)	( 151,814)	( 5)	( 154,550)	( 5)
902005	<b>Current period net profit</b>		<u>\$ 873,286</u>	<u>30</u>	<u>\$ 835,706</u>	<u>29</u>

(Continued next page)

Yuanta Futures Co., Ltd.  
(Originally: Yuanta Futures Co., Ltd.)  
Individual comprehensive income statements  
January 1 to December 31, 2017 and 2016

Unit: NTD thousand  
(except EPS in NTD)

Item	Additional notes	2017		2016	
		Amount	%	Amount	%
<b>Other general gains and losses</b>					
<b>Items that are not reclassified as profit and loss:</b>					
805510	Defined benefit plan revaluation amount and volume 6 (10)	\$ 766	-	(\$ 10,756)	( 1)
805599	Income tax related to accounts not being reclassified 6 (25)	( 131)	-	1,828	-
<b>Accounts to be reclassified to profit or loss subsequently:</b>					
805610	Exchange differences arising from translating the financial statements of foreign operations 6 (15)	( 23,052)	( 1)	( 10,751)	-
805620	Unrealized valuation gains on financial asset available for sale 6 (4) (15)	7,688	1	117,617	4
805660	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for under equity method 6 (5)(15)	( 1,146)	-	2,735	-
<b>Other comprehensive income (post-tax profit or loss)</b>		( 15,875)	-	100,673	3
<b>Total comprehensive income for the period</b>		<u>\$ 857,411</u>	<u>30</u>	<u>\$ 936,379</u>	<u>32</u>
<b>Earnings per ordinary share Basic and diluted earnings per share 6 (26)</b>		<u>\$</u>	<u>3.76</u>	<u>\$</u>	<u>3.60</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: Yuan, Liang-Huei

Yuanta Futures Co., Ltd.  
(Originally: Yuanta Futures Co., Ltd.)  
Individual statement of changes in equity  
January 1 to December 31, 2017 and 2016

	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	
Unit: NTD thousand										
<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 1)										
Legal earnings reserve		-	-	-	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>
<u>2017</u>										
Balance at January 1, 2017	6 (11)	\$ 2,322,763	\$ 894,643	\$ 46,333	\$ 637,326	\$ 1,526,665	\$ 827,716	(\$ 4,224 )	\$ 932,674	\$ 7,183,896
Dividend allocation and distribution for 2016 (Note 2)										
Legal earnings reserve		-	-	-	82,771	-	( 82,771 )	-	-	-
Special earnings reserve		-	-	-	-	169,682	( 169,682 )	-	-	-
Cash dividend to shareholders		-	-	-	-	-	( 573,722 )	-	-	( 573,722 )
2017 net profit		-	-	-	-	-	873,286	-	-	873,286
2017 Other general gains and losses	6 (15)	-	-	-	-	-	635	( 23,052 )	6,542	( 15,875 )
Balance at December 31, 2017		<u>\$ 2,322,763</u>	<u>\$ 894,643</u>	<u>\$ 46,333</u>	<u>\$ 720,097</u>	<u>\$ 1,696,347</u>	<u>\$ 875,462</u>	<u>(\$ 27,276 )</u>	<u>\$ 939,216</u>	<u>\$ 7,467,585</u>

Note 1: Remuneration for bonus of \$3,072 and remuneration for directors and supervisors of \$0 has been deducted from the comprehensive income statements of 2015.

Note 2: Remuneration for bonus of NT\$3,074 and remuneration for directors and supervisors of \$0 has been deducted from the comprehensive income statements of 2016.

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: Yuan, Liang-Huei

Yuanta Futures Co., Ltd.  
(Originally: Yuanta Futures Co., Ltd.)  
Individual Cash Flow Statement  
January 1 to December 31, 2017 and 2016

Unit: NTD thousand

	Additional notes	2017	2016
<u>Cash flow from operating activities</u>			
Pre-tax profit for the current period		\$ 1,025,100	\$ 990,256
Adjustments			
Income, expense, and loss			
Depreciation	6 (8) (22)	31,618	33,443
Amortizations	6 (9) (22)	3,005	3,447
Interest income	6 (24)	( 488,463 )	( 530,974 )
Interest expenses		34,607	31,392
Losses (gains) from disposal of financial assets available for sale	6 (4)	( 108,280 )	2,364
Share of profit of associates and joint ventures accounted for under equity method	6 (5)	40,114	11,793
Gains from disposal of property or equipment	6 (8)	-	( 2,516 )
Dividend income		( 54,043 )	( 36,337 )
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		219,682	306,415
Customers' margin accounts		5,410,491	( 4,549,320 )
Futures trading margin receivable		462	-
Stock Borrowing Margin (SBL)		304,978	( 285,207 )
Accounts receivable		339,643	( 319,937 )
Accounts receivable - related parties		( 1,695 )	2,067
Prepayments		( 1,419 )	497
Other receivable		10,353	( 11,335 )
Other receivables - related parties		32,937	10,980
Leverage contract trading customer margin account		( 45,372 )	-
Other current assets		3	15
Net changes in liabilities relating to operating activities			
Financial liabilities at fair value through profit or loss- current		( 347,250 )	344,317
Futures traders' equity		( 5,502,910 )	4,592,633
Leverage contract trading investor rights		44,813	-
Accounts payable		49,407	( 60,025 )
Accounts payable - related parties		7,447	( 8,731 )
Agency Receipts		1,110	( 109 )
Other payable		19,178	( 6,798 )
Other payables - related parties		( 20,788 )	20,882
Other financial liabilities- current		500	-
Other current liabilities		18,019	( 1,534 )
Liabilities reserve- non-current		( 2,380 )	733
Other non-current liabilities		2,220	-
Net cash provided by operating activities		1,023,087	538,411
Interest received		477,181	511,551
Income tax paid		( 153,286 )	( 134,075 )
Dividends received		54,043	36,338
Interest paid		( 34,398 )	( 27,986 )
Net cash inflow from operating activities		1,366,627	924,239
<u>Cash flow from investing activities</u>			
Acquisition of available-for-sale financial assets		( 469,222 )	( 189,520 )
Proceeds from disposal of financial assets available for sale		529,228	14,525
Decrease (increase) in investments accounted for by the equity method		( 302,680 )	8,519
Purchase of property and equipment	6 (8)	( 496,304 )	( 20,285 )
Disposal of real estate and equipment	6 (8)	-	8,314
Increase in intangible assets	6 (9)	( 882 )	( 1,917 )
Decrease in business guaranty bond		25,000	20,000
Decrease in settlement / clearance fund		344	48,425
(Increase) decrease in deposits paid		( 10,101 )	74
Increase in installment on equipment		( 51,019 )	( 3,626 )
Net cash outflow from investing activities		( 775,636 )	( 115,491 )
<u>Cash flow from financing activities</u>			
Cash dividend distribution	6 (14)	( 573,722 )	( 529,590 )
Net cash outflow from financing activities		( 573,722 )	( 529,590 )
Impact of change in exchange rate on cash and cash equivalent		2,177	469
Increase in cash and cash equivalents for the current period		19,446	279,627
Opening balance of cash and cash equivalents		4,269,421	3,989,794
Closing balance of cash and cash equivalents		\$ 4,288,867	\$ 4,269,421

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: Yuan, Liang-Huei

Attachment Five

Yuanta Futures Co., Ltd.  
The 2017 Statement of Retained Earnings

Unit: NTD

Item	Amount
1. Amount available for distribution:	
Opening undistributed earnings	\$ 1,540,145
Add: Defined benefit actuarial gains and recognized as retained earnings	636,393
Unappropriated adjusted earnings	2,176,538
Add: The 2017 Net income	873,285,900
<b>Distributable earnings for the year</b>	<b>\$ 875,462,438</b>
2. Distribution within the year:	
Legal earnings reserve (10%)	\$ 87,328,590
Special earnings reserve (20%)	174,657,180
Special earnings reserve (0.5%)	4,366,430
Cash dividend to shareholders (\$2 per share)	464,552,576
<b>Closing undistributed earnings</b>	<b>\$ 144,557,662</b>

Chairman:

General Manager:

Accounting Supervisor:



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

**The comparison table of the Procedures for Election of Directors  
amendment**

Amendments	Current existing clauses	Description of amendments
<p>Article 1-1</p> <p>The qualification and appointment of the Company’s independent directors should be processed in accordance with the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.”</p>	<p>Article 1-1</p> <p>The qualification and appointment of the Company’s independent directors should be processed in accordance with the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.”</p>	<p>Revise and modify the text in accordance with the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies”</p>
<p>Article 2</p> <p>Omit</p> <p>The directors (including independent directors) of the Company should be elected in accordance with the nomination system and procedure defined in Article 192-1 of the Company Act and stated in the “Articles of Incorporation”. While reviewing the qualification, experience and education, and conducts defined in the Company Act Article 30 of the candidates for directors (including independent directors), the Company may not demand any additional supporting documents of qualification from the candidates; also, the review results should be presented to the shareholders for reference in order to elect competent directors (including independent directors).</p> <p>If the dismissal of any director for any reason causes the board with less than five directors in service, an election of directors should be held in the most recent shareholders’ meeting. However, if the vacancy of board director is one thirds of the chairs designated, the Company shall have an extraordinary shareholders’ meeting held within 60 days from the date of the event occurred.</p> <p>When an independent director is dismissed for any reason, resulting in a number of directors lower than that required as outlined in Security and Exchange Act Article 14-2, Paragraph 1, or Taiwan Stock Exchange <u>Corporation Rules Governing Review of Securities Listings</u>, or Standards for Determining Unsuitability for TPEX Listing under Article 10, Paragraph 1 of the Taipei Exchange Rules Governing the Review of Securities for Trading on the TPEX, a by-election for independent director shall be held at the next following shareholders meeting. When all independent</p>	<p>Article 2</p> <p>Omit</p> <p><u>The directors (including independent directors) of the Company should be elected</u> in accordance with the nomination system and procedure defined in Article 192-1 of the Company Act. While reviewing the qualification, experience and education, and conducts defined in the Company Act Article 30 of the candidates for directors (including independent directors), the Company may not demand any additional supporting documents of qualification from the candidates; also, the review results should be presented to the shareholders for reference in order to elect competent directors (including independent directors).</p> <p>If the dismissal of any director for any reason causes the board with less than five directors in service, an election of directors should be held in the most recent shareholders’ meeting. However, if the vacancy of board director is one thirds of the chairs designated, the Company shall have an extraordinary shareholders’ meeting held within 60 days from the date of the event occurred.</p> <p>If the number of independent directors does not meet the requirements of the proviso in Article 142-2, Paragraph 1 of Securities Exchange Act, the relevant provisions of Taiwan Stock Exchange “Corporation Rules Governing Review of Listings, or the Standards for Determining Unsuitability for GTSM Listing under Article <del>10</del>, Paragraph <del>1</del> of the GreTai Securities Market Rules Governing the Review of Securities for Trading on the GTSM<sup>2</sup> Subparagraph <del>8</del>, an election of directors should be held in the most recent shareholders’ meeting. When all</p>	<p>Revise and modify the text in accordance with the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies”</p>

Amendments	Current existing clauses	Description of amendments
<p>directors have been dismissed, the company shall convene a special shareholders meeting to hold a by-election within 60 days from the date on which the situation arose.</p>	<p>independent directors were dismissed, the Company shall have an extraordinary shareholders' meeting held within 60 days from the date of the event occurred.</p>	
<p><u>Article 2-1</u>  <u>During the two years before being elected or during the term of office, an independent director may not have been or be any of the following:</u></p> <ol style="list-style-type: none"> <li><u>1. Employed by the company or any of its affiliated companies.</u></li> <li><u>2. Director or supervisor of the Company or its affiliates Except for the independent directors that are appointed by the Company or the parent company and subsidiaries in accordance with this Law or the local law.</u></li> <li><u>3. A natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.</u></li> <li><u>4. A spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding three subparagraphs.</u></li> <li><u>5. Director, supervisor, or employee of the company's corporate shareholder holding more than 5% of the company's outstanding capital; a director, supervisor, or employee to any of the top 5 corporate shareholders.</u></li> <li><u>6. Director, supervisor, manager, or shareholder with more than 5% ownership interest in any company or institution that has financial or business relationship with the company.</u></li> <li><u>7. Professional, business owner, partner, director, supervisor, or manager of any sole-proprietorship, partnership, company, or institution providing commercial, legal, financial, or accounting services or consultations to the company or any of its affiliated companies; spouse to anyone listed herein. This restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies or to the Business Mergers and Acquisitions Act.</u>  <u>The requirement of the preceding paragraph in relation to "during the two years before being elected" does not apply</u></li> </ol>	<p>(New addition)</p>	<ol style="list-style-type: none"> <li>1. Amended in accordance with the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies"</li> <li>2. The rules of the appointment, concurrently serve, and re-election of the independent directors.</li> <li>3. Further clarify that the member of the public tender offer review committee, or special committee for merger/consolidation and acquisition, who provides business administration, legal, finance, or accounting services, shall follow the same exemption as the member of remuneration committee from the paragraph 1, subparagraph 7.</li> <li>4. To take into the consideration of the independence and experience of the independent directors and clarify that if an independent director candidate has already served as an independent director of the Company for three consecutive terms or more, the company shall, in accordance with the paragraph 6, publicly disclose, together with the review results, the reasons why the candidate is nominated again for the independent directorship, and</li> </ol>

Amendments	Current existing clauses	Description of amendments
<p><u>where an independent director has served as an independent director of the company or any of its affiliates, or of a specified company or institution that has a financial or business relationship with the company, as stated in subparagraph 2 or 6 of the preceding paragraph, but is currently no longer in that position.</u></p> <p><u>The term "specified company or institution" as used in paragraph 1, subparagraph 6, means a company or institution that has one of the following relationships with the company:</u></p> <ol style="list-style-type: none"> <li><u>1. It holds 20 percent or more and no more than 50 percent of the total number of issued shares of the Company.</u></li> <li><u>2. It holds shares, together with those held by any of its directors, supervisors, and shareholders holding more than 10 percent of the total number of shares, in an aggregate total of 30 percent or more of the total number of issued shares of, and there is a record of financial or business transactions between them. The shareholdings of any of the aforesaid persons include the shares held by the spouse or any minor child of the person or by the person under others' names.</u></li> <li><u>3. It and its group companies are the source of 30 percent or more of the operating revenue of the Company.</u></li> <li><u>4. It and its group companies are the source of 50 percent or more of the total volume or total purchase amount of principal raw materials (those that account for 30 percent or more of total procurement costs, and are indispensable and key raw materials in product manufacturing) or principal products (those accounting for 30 percent or more of total operating revenue) of the Company.</u></li> </ol> <p><u>For the purposes of paragraph 1 and the preceding paragraph, the terms "parent", "subsidiary", and "group" shall have the meanings as determined under International Financial Reporting Standards 10.</u></p> <p><u>No independent director may concurrently serve as an independent director of more than three other public companies.</u></p> <p><u>If an independent director candidate has already served as an independent director of the Company for three consecutive terms or more, the company shall publicly disclose, together with the review results, the reasons why the candidate is nominated again for the independent directorship, and present the reasons to the shareholders at the time of the election at the shareholders meeting.</u></p> <p><u>If an independent director elected at a shareholders' meeting, or appointed by a financial holding company, the government, or a corporate shareholder under Article 7 of</u></p>		<p>present the reasons to the shareholders at the time of the election at the shareholders meeting.</p> <p>5. If an independent director candidate has already served as an independent director of the Company for three consecutive terms or more and the relevant documentation and reasons as to why the candidate is nominated again for the independent directorship, and present the reasons to the shareholders, the Company cannot prevent the shareholders to exercise their rights to nominate in accordance with the Article 192-1 of the Company Act. Both TWSE and TPEX require the Public and OTC companies submit the relevant evidence provided by the nominating shareholders when publishing a notification of nomination.</p>

Amendments	Current existing clauses	Description of amendments
<p><u>“Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies”, he or she is required to be dismissed during the term of office for reason of a violation of Article 2 or 3, and shall be prohibited to change the status of the person from independent director to non-independent director. A non-independent director elected at a shareholders' meeting, or appointed by a financial holding company, the government, or a corporate shareholder under Article 7 of “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies”, likewise may not be arbitrarily changed from a non-independent director to an independent director during the term of office.</u></p>		