

Stock Code: 6023



Yuanta Futures Co., Ltd.
(Originally: Polaris Futures)

2014 Annual Report

Date published: January 31, 2015

**Inquiry of annual reports available at: <http://mops.twse.com.tw/mops/web/index>
(Market Observation Post System)**

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Name: Share Administration Department, TEL: (02)2586-5859
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 Website: <http://www.yuanta.com.tw/>

IV. Auditor and auditor's firm of the latest audited financial report

Name of CPA: Se-Kai Lin, Xiou-Ling Li
 Auditor's firm: PwC Taiwan TEL: (02)2729-6666
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 Website: <http://www.pwc.tw/>

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

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

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One. Report to Shareholders

I. Market Overview

Looking back the global economy in 2014 driven by the US economic recovery, Europe and USA futures index soared to a new record high price, on the other hand, commodity futures price dropped after US Dollar index reached the record high in the recent years, of which, eight categories of futures commodities, including energy, precious metals, home metals, agricultural products, etc. are subject to commodity futures price adjustment. Apparently, the year of 2014 was indeed a year of volatility. Regarding the futures market in Taiwan, the Volatility Index (VIX) hit a historical low price (8.27) on June 24, 2014, followed by a rebound in the following months that was the highest point on October 16 and hit a new historical high price (16) on October 16. This feature caused the trading volume of Taiwan futures in the second half of 2014 higher than the first half of 2014.

In addition, there were several new products launched at Taiwan Futures Exchange in 2014, such as, Eurex/TAIFEX Link listed on EUREX for the first time on May 15 to make up the inadequate after-hour trade of Taiwan futures market and to help with the risk control of the domestic futures participants (either proprietary accounts or institution investor accounts) that was clearly helpful to market integrity. In addition, ETF proprietary futures was listed on Taiwan Futures Exchange on October 6 with the issuance subjects of Taiwan 50, NZF, and FB SSE that helped investors trade Taiwan stock and China stock through these commodities; also, China stock driven by the SH-HK connect provided the investors of Taiwan futures with more channels to enter the market. Therefore, Taiwan futures market performed brilliantly in 2014. Taiwan futures market trading volume was 202,410,000 transactions in 2014 with a daily volume of 816,000 transactions, representing a growth of 31.04% from the year of 2013. In terms of foreign commodities futures, the US Stock 6,431,400 transactions accounted for 45.69% ranks highest, followed by the Singapore Commodity 6,084,100 transactions accounted for 43.22%, other foreign commodities 1,560,900 transactions accounted for 11.09% for a grand total of 14,076,500 transactions, representing a growth of 9.49% from the year before.

Taiwan Futures Exchange for the purpose of increasing market efficiency had introduced two new trade systems in 2014 – “before-hour information disclosure” and “defined market order” that was officially online on May 12 to make trade information more transparent, offer more diversified orders, and provide traders with a better web browsing and quality service. In addition, the competent authorities had given permissions to banks in November 2014 to trade futures for the purpose of long-hedge; the Eurex/TAIFEX Link commodities were opened for trade in December, and insurance industry was included for foreign futures trade and exempted from applying for approval of subject in order to improve capital utilization efficiency and operating performance of banks and insurance companies, while improving the trading volume of institution investors in market.

II. Corporate governance

- The Company is the one and only future company in Taiwan to receive the highest

“A++” rating in the 11th listed and over the counter company information disclosure assessment by the Securities and Futures Institute as the year before. It evidences the importance of realizing corporate governance to the Company in addition to deploying new business and promoting business.

- After the merger of Yuan Futures and Polaris Futures in April 2012, the Board of Directors had the “Audit Committee” setup to replace the functions of supervisors, to supervise the Company’s financial operations, internal control, regulatory compliance, and risk control for emphasizing an open and transparent management philosophy. The Audit Committee had convened 14 meetings in 2014.
- 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 2014, 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:

- In terms of financial performance, the Company’s 2014 net income was NT\$871 million, the highest of the futures brokerage; also, the net EPS was NT\$3.75 and ROE after tax was 12.04%.
- Business performance: Futures brokerage market share is 18.51% with a turnover of more than 18,520,000 transactions; option brokerage market share is 10.15% with a turnover of more than 30,910,000 transactions; foreign futures market share is 24.11% with a turnover of 3,390,000 transactions; the market shares referred to above are ranked number one in market and significantly ahead of the industry.
- Awards: The Company was committed to provide high quality, branding, and excellent services to customers persistently with high transparent operation, sound financial performance, innovation and R&D capabilities, comprehensive risk control mechanism, strict corporate governance, and internal control. The Company’s performance had been well recognized in market in 2014:
 - (1) The Securities and Futures Institute – the 11th listed and over the counter company information disclosure assessment “A++” rating
 - (2) China Credit Information Service Ltd. - No. 1 in futures companies amongst the Top 5000 large corporations in Taiwan.
 - (3) The ROC Outstanding Enterprise Manager Association – the 16th Jinfeng Award Top-Ten Outstanding Enterprise
 - (4) ROC National Enterprise Competitiveness Development Association – the

11th National Brand Yushan Award Outstanding Enterprise

(5) General Chamber of Commerce of the Republic of China – the 68th ROC Excellent Businessmen

(6) The Asset- 2014 The Asset Triple A Awards--Industry Leadership Award-- - Carolyn Chou, General Manager, Yuanta Futures

■ The Company concluded a pre-tax net profit of NT\$999,491 thousand for 2014. A summary breakdown of revenues, expenses, and profitability is as follows:

(1) Changes in a variety of business lines (Unit NTD thousand)

Item	2014	2013	Difference	Variation
Operating gains	2,269,734	2,393,399	-123,665	-5.17%
Operating expenses	1,113,394	1,154,906	-41,512	-3.59%
Operating expenses	906,977	998,104	-91,127	-9.13%
Other profits and losses	750,128	535,811	214,317	40.00%
Earnings before tax	999,491	776,200	223,291	28.77%
Current period net profit	870,605	653,867	216,738	33.15%
Pre-tax EPS (NTD)	4.30	3.34	0.96	28.74%
Return on shareholders' equity	12.04%	9.59%	2.45%	25.55%

(2) Operating revenues and expenses: The Company's annual income in 2014 amounted to NT\$2,269,734 thousand, representing a decrease of NT\$123,665 thousand (5.17%) from the NT\$2,393,399 thousand of the year before, mainly due to the decrease in handling charge income as a result of price competition in the market and the decrease in trade as a result of low volatility. The Company's annual expenses amounted to NT\$2,020,371 thousand, representing a decrease of NT\$132,639 thousand (6.16%) from the NT\$2,153,010 thousand of the year before, mainly due to the decrease in revenue causing the respective operating expenses to go down. The 2014 net income before tax amounted to NT\$999,491 thousand, representing an increase of NT\$223,291 thousand (28.77%) from the NT\$776,200 thousand of the year before. The net income amounted to NT\$870,605 thousand, representing an increase of NT\$216,738 thousand (33.15%) from the NT\$653,867 thousand of the year before.

(3) Profitability:

Return on net worth: the 2014 after-tax earnings of NT\$870,605 thousand and shareholders' equity of NT\$7,452,433 thousand represented a 12.04 % return on shareholders' equity. Compared to last year's after-tax earnings NT\$653,867 thousand, shareholders' equity NT\$7,005,065 thousand, and

9.59% return on shareholders' equity, returns had improved by 25.55%.

Net profit margin: the 2014 after-tax earnings of NT\$870,605 thousand and revenues totaling NT\$2,269,734 thousand represented a 38.36% net profit margin. Compared to last year's after-tax earnings NT\$653,867 thousand, revenues NT\$2,393,399 thousand, and 27.32% net profit margin, increased by 40.41%.

Pre-tax EPS: The Company concluded its 2014 pre-tax EPS at \$4.30, representing a 28.74 % increase from last year's \$3.34.

IV. Research and development:

The Company focuses on the optimization of asset allocation, the deployment of diversified strategy, and the establishment of metrics program. The deployment of diversified strategy is focusing on providing diversified products; also, providing domestic and foreign popular futures trading strategies to meet customers' demand for spot and futures; also, to increase business contribution. Looking forward to the future, the Company will work with the professionals of futures, consultation, and research; also, continue to link the world's eight major categories of assets and development strategy to provide diversified services for corporate and brokerage needs and to create R&D core value.

- (1) Strategic trading and development: The Research Department of Yuanta Futures will utilize the big data of the futures market to perform data quantification, in addition to the original focuses on optimal asset allocation, diversified and strategic deployment, and quantitative program setup. The deployment of diversified strategy is focusing on providing diversified products; also, providing domestic and foreign popular futures trading strategies to meet customers' demand for spot and futures. In addition, the focus in 2015 will be on the development of the option strategic trading modules, of which, in addition to focusing on single buyer, seller, or spread, the option strategy will be reviewed comprehensively; also, different risk-return module will be recommended to each customer.
- (2) Diversified research reports: The Research Department of Yuanta Futures will continue to provide information of mobile phone APP integrated with commodity prices in 2015 as that of in 2014; also, to provide the respective research reports in response to market demand (Singapore A50 Futures Daily \ Weekly; S&P500 options prices bi-weekly; foreign futures - eight categories quarterly report). The Company will continue to link the eight categories of assets and development strategy globally in 2015 in order to provide diversified services for the needs of institution investors and brokers and to assume a leading role in the industrial research.

V. Future operating plans and development strategies

Looking forward to 2015, the Company will, as always, try to render best investors-friendly services with development toward an omnifarious and comprehensive futures house. Meanwhile, we shall try to expand market shares and boost proprietary dealing performances. For 2015, we shall put forth maximum

possible efforts toward the focuses below:

- (1) Secure market share of brokerage business: Create market differentiation services and enhance globalized operational capacity. Develop foreign futures 8-category commodities research report and 24hr APP message broadcasting service and marketing activities in various forms by creating international affairs issues; also, inject futures consulting and futures economic resources to construct a complete business value chain and to develop value-added services.
- (2) Actively expand IB foreign futures trading volume: Assist the IB locations to develop foreign futures business along with the lifting of regulations by the competent authorities. Provide excellent service of global boundary-free investment and no-time-different finance to investors around the clock based on the unity of securities and futures “24hr global operations center” concept.
- (3) Strengthen trade personnel management: Continue to strengthen trade risk management mechanisms, develop diversified global quantitative strategy, increase low-risk and high-return market strategy deployment, and recruit talents from campus for short-swing day trade and quantitative R&D based on an innovative trade personnel recruitment model.
- (4) Increase customer’s AUM (asset under management) margin: Continue to expand the scale of customer’s margin, enhance financial management efficiency comprehensively, improve customer margin spread profit, and provide foreign institution investors, domestic financial institution investors, and large-scale institution investors with a friendly investment environment with a stable and profound financial image.
- (5) Continue to launch new products in compliance with the policy of Taiwan Futures Exchange: Fully support Taiwan Futures Exchange to promote new products, such as, “Taiwan Futures Exchange authorizes Eurex Exchange to trade Taiwan futures and the 1-day futures contract of Taiwan stock option” and “ETF stock and futures” business for a win-win situation.
- (6) Continue to improve the Company’s operation and management system: Integrate and optimize regulatory compliance, internal control and audit, corporate governance, and risk management structure in order to reduce operational risk.
- (7) Apply for leveraged trading to expand business territory: Expect to have leveraged trading setup in the second half of the year in order to add the relevant business services of long-term contracts, option contracts, swap contracts, and spread contracts; also, to provide general customers and professional institution investors with diversified profits and hedging channels by offering a structured contract combined with fixed-income products.
- (8) Promote Asian Cup deployment and plan: Support the Asian Cup development strategy to seek and invest securities companies in Asia that are with economies of scale and niche, at the same time, the Company will exercise the competitive advantage of experience in futures brokerage and through the IT R&D advantage to construct a profound security and future unity trading platform and aim to become the best futures company in Asia.

Looking forward toward future, we at the Company shall continually without

interruption boost our competitive edge in the brokerage channels, IT platforms, IB services, juristic (corporate) person businesses and risk control through faithful, prominent, steadfast and innovative strategies. We shall richly cultivate Taiwan, take firm command of the niche to integrate both sides of Taiwan Strait, i.e., Taiwan and China plus Hong Kong and reach out to all markets, both at home and the world over, in the futures horizons. Within the progress scheduled and the scope of laws and ordinances concerned permitted by the competent authorities of the government, we shall strike for new fountainheads of profits and growth and fulfill the long-programmed Greater Region of China blueprints through our consistent powers of enforcement.

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

Yuanta Futures Co., Ltd.

Chairman: Mr. Lin, Tien-Fu

General Manager: Ms. Chou, Hsiao-Ling

Two. Company Profile

- I. Date of establishment: April 9, 1997.
- II. Addresses and contact numbers of the Head Office, branches, and factory sites

Name	Address	TEL
Head Office	11F and 12F, No. 225, Section 3, Nanjing East Road, Zhongshan District, Taipei City	(02)2717-6000
Taipei Branch	Basement, No.98, Gangqian Rd., Neihu Dist., Taipei City, Taiwan (R.O.C.)	(02)2700-3368
Hsinchu Branch	B1-1, No.373, Sec. 1, Guangfu Rd., Hsinchu City	(03)666-2558
Taichung Branch	8F.-1, -2, -3, No.179, Fuhuiyuandao, Xitun Dist., Taichung City	(04)2259-8383
Tainan Branch	4F., No.147, Kaiyuan Rd., North Dist., Tainan City	(06)235-5999
Kaohsiung Branch	7F.-1, No.143, Zhongzheng 4th Rd., Qianjin Dist., Kaohsiung City	(07)215-7777

III. Corporate history

Year	Major events
1997	<ul style="list-style-type: none"> ● The establishment of Polaris Futures Brokerage Co., Ltd. began its preparation in March. ● The establishment of Polaris Futures Brokerage Co., Ltd. was approved in April; the company had a capital of NT\$200,000,000 and was located at 12F, No. 59, Sec. 1, Zhonghua Road, Taipei City. ● The company commenced business in July, and engaged mainly in futures brokerage.
1998	<ul style="list-style-type: none"> ● Completed a cash issue totaling NT\$300,000,000 in February; share capital increased to NT\$500,000,000. ● Completed a cash issue totaling NT\$100,000,000 in May; share capital increased to NT\$600,000,000. ● With the approval of the Securities and Futures Commission, Ministry of Finance, on September 28, the company changed its name to Polaris Futures Co., Ltd. and engaged in proprietary futures trading. ● The Company created its proprietary futures trading department created in December, and was the first to do so among in the futures industry.
1999	<ul style="list-style-type: none"> ● Completed a cash issue totaling NT\$15,000,000 in July; share capital increased to NT\$615,000,000. ● In July, The Company became the first in the business to organize a futures trading competition; it led to a wave of creative marketing based on this campaign. ● The Kaohsiung Branch was established in August at 5F-1, No.151, Zhongzheng 4th Rd., Kaohsiung City. ● In October, Polaris Futures became the first to be granted

Year	Major events
	the permission for online futures trading.
2000	<ul style="list-style-type: none"> Completed a cash issue totaling NT\$15,000,000 in August; share capital increased to NT\$630,000,000. The Taichung Branch was established in September at 7F, No.95, Sec. 1, Xiangshang Rd., West District, Taichung City.
2001	<ul style="list-style-type: none"> In December, Polaris Futures became one of the first market-makers of TAIFEX options.
2002	<ul style="list-style-type: none"> In October, The Company introduced its online options trading platform. In November, The Company was approved by the Securities and Futures Commission, Ministry of Finance, to engage in futures consultation services.
2003	<ul style="list-style-type: none"> In January, The Company introduced an advanced version of its online options trading platform. In January, Polaris Futures became one of the first market-makers of stock options. In March, The Company introduced its "F.O.U.R System", an integrated trading platform for stocks, futures, and options customized for institutional investors. It offered advanced functions such as portfolio returns tracking. In September, Polaris Futures merged with REFCO Taiwan Co., Ltd., a member of the world's largest futures merchant - REFCO Group, and changed its name to Polaris Refco Futures Co., Ltd. In September, The Company made a cash issue for the merger totaling NT\$465,800,000. Its paid-up capital was raised to NT\$1,095,800,000. In November, The Company reduced its share capital by NT\$450,800,000 to NT\$645,000,000.
2004	<ul style="list-style-type: none"> In January, The Company launched its "Gold Trading Platform" where investors can trade gold futures over Chicago Board of Trade (CBOT) using fully localized interface. In June, The Company launched an "Oil Trading Platform" in joint effort with "Nihon Unicom Corporation", one of Japan's top three futures merchants. It was the first cross-border oil futures trading platform in the country. In September, The Company was granted the role of market-maker for CBOT's mini-sized gold futures in Asia, and became the nation's first market-maker for CBOT products. In October, The Company was approved by the Securities and Futures Bureau, Financial Supervisory Commission, to register in the Emerging Stock Market; on October 27, it became the first futures merchant in the nation to be listed on the Emerging Stock Market (securities code: 6023).
2005	<ul style="list-style-type: none"> In May, The Company introduced its "BT Trade System" which incorporated the advanced technologies of Daishin Securities (Korea). The trade system offers advanced

Year	Major events
2006	functionalities such as program trading, arbitrage modeling etc.
	● In July, The Company launched its 4-in-1 AP software - "Super TWEWinner". It was the first AP software that integrates stock, futures, options, and offshore futures all into one package.
	● In July, The Company capitalized NT\$77,400,000 of its earnings, which increased share capital to NT\$722,400,000.
	● In December, The Company was approved by the competent authority to undertake the role of market-maker for CBOT's 100 Ounce Gold Futures.
	● In February, The Company signed an agreement with Man Financial Inc. (Singapore), a member of UK's MF Global Group, and agreed to changed its name to Polaris Futures Co., Ltd.
	MF Global is a public listed company in London Stock Exchange, and comprises part of the FTSE 100 Index.
	● In March, The Company organized a "Winners' Club" in an attempt to secure wining customers and invite winning traders throughout the market into sharing their winning experiences and secrets.
	● In March, The Company was granted the role of market-maker for gold futures listed on Taiwan Futures Exchange, MSCI Taiwan Index Futures, and MSCI Taiwan Index Options.
	● The Tainan Branch was established in March at 2F, No.395, Sec. 1, Linsen Rd., East District, Tainan City.
	● The Company held its 2nd "Polaris Winner Competition" in April.
2007	● The change of company name to Polaris Futures Co., Ltd. was approved by the competent authority in April.
	● The "Winners' Blog" was officially opened in July.
	● Published the new book - "Winners' Diary" in August.
	● In August, The Company organized a seminar on "Investments Recommended by the World's Visionaries". Many of the world's renowned visionaries were invited to the seminar, and forecast a decade-long uprise of agricultural prices. In light of this trend, The Company introduced a trading platform customized for the trading of agricultural commodities (including: CBOT wheat, corn, soy bean and NYBOT coffee, cotton, and sugar).
2007	● In September, The Company capitalized NT\$79,464,000 of its earnings, which increased share capital to NT\$801,864,000.
	● The Company held a "Winners' Club" event in November.
	● The Company held its "Multiple Winners" competition in March.
2007	● The Company was approved by the Financial Supervisory Commission in March to become the first GTSM-listed futures commission merchant.

Year	Major events
2008	<ul style="list-style-type: none"> ● In April, The Company was selected "2006 Taiwan Large Corporation Top 5000", and ranked first in the futures industry. ● The Company held its 3th "Polaris Winner Competition" in April. ● Published the new book - "Winners' Diary II" in May. ● The Company filed its GTSM listing application in May. ● In June, The Company launched its offshore options trading platform ahead of all industry participants. ● The Company's GTSM listing application was passed in July by the Review Board of GreTai Securities Market. ● The Company's GTSM listing application was passed in August by the Board of Directors of GreTai Securities Market. ● In September, the Company capitalized NT\$149,146,710 of its earnings and paid employees' bonuses totaling NT\$23,815,090 in shares, which increased share capital to NT\$974,825,800. ● The Company held a series of seminars on the "Polaris Winner Competition" in September. ● The Company held a "Global Currency and Energy Investment Seminar" in October. ● In October, The Company was granted the role of market-maker for the "10-year Government Bond Futures", "30-Day Commercial Paper Interest Rate Futures", "Taiwan Stock Exchange NonFinance NonElectronics Sub-Index", "Taiwan Stock Exchange NonFinance NonElectronics Sub-IndexOptions", "GreTai Securities Market Capitalization Weighted Stock Index", and "GreTai Securities Market Capitalization Weighted Stock IndexOptions" listed on Taiwan Futures Exchange. ● In October, The Company made a cash issue totaling 12,190 thousand shares at a face value of \$10, which increased share capital to NT\$1,096,725,800. ● The Company's shares were officially listed on GreTai Securities Market in November, coded: 6023. ● In January, The Company was granted the role of Market Maker for TAIFEX NT Dollar Gold Futures. ● In April, The Company organized an "Asian Market Investment Conference" in joint effort with Singapore Stock Exchange, the first in Asia Pacific to introduce both securities and derivatives, and MSCI Barra, the global index provider. During the conference, one of the world's top ten technical analyst - Mr. Daryl Guppy was invited to share his investment experiences. ● In April, The Company was selected "2007 Taiwan Large Corporation Top 5000", and ranked second only to Taiwan Futures Exchange Corporation in the futures industry. ● In April, the Board of Directors passed the proposal to invest in futures trust services.

Year	Major events
2009	<ul style="list-style-type: none"> ● The annual general meeting held in June passed the creation of a "Futures Management" segment. The Securities and Futures Bureau granted the business license later on October 23, and the segment soon commenced business on November 11. ● In July, the Company capitalized NT\$188,636,840 of its earnings and paid employees' bonuses totaling NT\$27,400,240 in shares, which increased share capital to NT\$1,312,762,880. ● In July, The Company was selected "2008 Taiwan Large Corporation Top 5000", and ranked first in the futures industry. ● In July, Polaris Futures published the first volume of its Futures Quarterly. ● The Hsinchu Branch was established in August at B1, No.373, Sec. 1, Guangfu Rd., Hsinchu City. ● In August, The Company joined Bank of Taiwan in the organization of Gold Seminars. ● In October, The Company launched its "Euro-platform" ahead of competitors. It offers online trading of Europe's three major index futures and gives investors an easy access to the European futures market. ● In October, Polaris Futures published the No. 2 volume of its Futures Quarterly. ● In December, The Company was reviewed by Taiwan Corporate Governance Association and was awarded its "CG6004 Corporate Governance Certification", making it the first futures company to receive such certification. ● In December, The Company submitted an application to Taiwan Futures Exchange for the role of market-maker in gold options. Its role as a "TAIFEX Gold Options Market Maker" was officially approved on January 19, 2009. ● In December, The Company held a series of seminars on "Global Economic Prospects under the Financial Crisis". ● In January, Polaris Futures published the No. 3 volume of its Futures Quarterly. ● In March, The Company was accredited by Taiwan Futures Exchange Corporation as 2008 Top Volume Futures Commission Merchant. ● In April, Polaris Futures published the No. 4 volume of its Futures Quarterly. ● In May, The Company joined MF Global in creating a joint venture named MF Global Futures Trust Co., Ltd. The joint venture commenced business on May 8, 2009 to become the first futures trust company in Taiwan. ● In May, the Company joined CME Group to organized the event - "Futures USA". ● On June 8, GreTai Securities Market approved the margin trading of The Company's shares (coded: 6023), effective since June 9, 2009.

Year	Major events
2010	<ul style="list-style-type: none"> ● In June, The Company joined Polaris Securities / Wealth Invest Weekly in organizing a "2009 2nd Half Investment Prospect Seminar". ● The 24hr Global Trading Center was created in July. ● In July, The Company was selected by China Credit Information Service Ltd. as "2009 Taiwan Large Corporation TOP 5000", and ranked first in the futures industry. ● Futures Quarterly volume No.5 was published in July. ● In August, The Company was selected by China Credit Information Service Ltd. as "2009 Taiwan Large Corporation TOP 5000", and ranked first in terms of net revenues among futures commission merchants. ● In August, The Company held the first "Offshore Futures Forum" in Taiwan. ● In September, The Company joined MoneyWeekly in organizing the "Cross-Strait Investment" forum. ● In October, The Company held its "Million USD Trading Competition". It was the first trading competition in Taiwan that featured offshore futures. ● Futures Quarterly volume No.6 was published in November. ● In December, the Board of Directors agreed to commission Pricewaterhouse Coopers as financial consultants to assist The Company in searching viable targets in China, through which The Company may broaden the reach and depth of its futures services by way of investment or other cooperative arrangements. ● The Company organized an "Invest Japan" campaign in January. ● In mid-January, The Company held a "Stock Futures" campaign and delivered 49 seminar sessions on the new product throughout Taiwan. ● Offshore futures quotations were added to TWESuccess in January. ● The "Chinese New Year Business-As-Usual" campaign held in February had boosted the trade volume of offshore instruments. ● Futures Quarterly volume No.7 was published in February. ● In April, The Company joined Polaris Securities in launching a "Polaris Diamonds" campaign. ● Futures Quarterly volume No.8 was published in May. ● In June, The Company signed a letter of intent with Everbright Futures; both parties agreed to cooperate on business development by investing a 20% interest in each other. ● In June, The Company joined Business Next Magazine in organizing the forum - "Searching for the Next Sorros", in an attempt to attract IT talents into the financial industry. ● In June, The Company joined Polaris Securities and Marbo

Year	Major events
2011	<p data-bbox="517 203 1302 271">Weekly in organizing 4 large-scale seminars on "2010 Investment Prospects".</p> <ul style="list-style-type: none"> <li data-bbox="480 277 1302 344">● In July, The Company was granted the permission to engage in proprietary securities trading. <li data-bbox="480 351 1302 530">● In July, the investee - MF Global Futures Trust Co., Ltd. was approved by the Financial Supervisory Commission to offer its "MF Global Multi-Strategy Futures Trust Fund". The offering commenced in August and the fund was officially set up on 2, September. <li data-bbox="480 537 1302 604">● In August, The Company was granted the permission to engage in securities introducing brokerage. <li data-bbox="480 611 1257 640">● Futures Quarterly volume No.9 was published in August. <li data-bbox="480 647 1302 790">● In August, The Company joined The Children Charity Association, R.O.C. in organizing a charity campaign - "Marching Hand-in-Hand"; this was The Company's attempt to put its influences into good cause. <li data-bbox="480 797 1302 864">● In September, The Company became a trading member of EUREX. <li data-bbox="480 871 1302 938">● In October, the Company joined CME Group to organized the event - "US Futures Initiative". <li data-bbox="480 945 1302 1088">● In November, the Financial Supervisory Commission passed The Company's application to create a Hong Kong subsidiary. The Hong Kong subsidiary was registered later on December 2. <li data-bbox="480 1095 1302 1162">● Futures Quarterly volume No.10 was published in November. <li data-bbox="480 1169 1302 1267">● In December, The Company entered an industry-academia collaborative arrangement with Feng Chia University in an attempt to nurture financial talents for the future. <li data-bbox="480 1274 1302 1373">● In January, The Company joined MoneyWeekly Magazine in organizing 5 investment seminars on "2011 Global Capital Movements". <li data-bbox="480 1379 1278 1408">● Futures Quarterly volume No.11 was published in January. <li data-bbox="480 1415 1302 1559">● In February, the Board of Directors submitted an application to Taiwan Futures Exchange for the role of market-make in stock futures. Its role as a "Stock Futures Market Maker" was officially approved on March 14, 2011. <li data-bbox="480 1565 1302 1709">● In February, The Company launched its "Chinese New Year Business-As-Usual" campaign in association with the "Global Futures and Options Simulation Platform" to increase customers' involvements in offshore futures. <li data-bbox="480 1715 1302 1814">● In March, the competent authority acknowledged The Company's "Consultative co-operation agreement" with Everbright Futures Co., Ltd. <li data-bbox="480 1821 1302 2000">● In April, The Company introduced the new "FTSE Xinhua China A50 Index" from Singapore Stock Exchange following the latest deregulations. The index offered a quick access for investing in the Chinese market as well as an effective hedging tool. <li data-bbox="480 2007 1246 2036">● Futures Quarterly volume No.12 was published in April.

Year	Major events
2011	<ul style="list-style-type: none"> ● In May, The Company supported Taiwan Futures Exchange Corporation's efforts in promoting stock futures trading, by organizing nation-wide seminars on the 12-week tax-saving window and introducing "Tax Saver" tools to assist investors' decisions. These events were promoted using extensive exposures through the financial press. ● Our "Global Strategic Platform" launched in May offered a fine selection of trading strategies, through which investors were able to minimize risks and choose portfolios that best suited their preferences. ● In May, Polaris Futures joined the Pension Fund Association R.O.C. in organizing a seminar on "Corporate Investment Strategies under the Changing Environment". Insurance companies, the Four Funds, and school insurance providers were invited to take part in CTA investing. ● In June, Polaris Futures was awarded "Top 10 Outstanding Enterprises of the Year" and "Top 10 Outstanding Managers of the Year" during the Ninth Golden Torch Award organized by the Outstanding Enterprise Manager Association R.O.C. ● The Company organized "The 2nd Computer Gaming Tournament" in June in an attempt to step away from the vicious competition for talents within the industry, and systematically develop trading talents. ● In July, The Company was awarded "Outstanding Corporate Leader" and "Outstanding Futures Talent" during the Eleventh Golden Goblet Award organized by the Securities and Futures Institute. ● Futures Quarterly volume No.13 was published in July. ● In July, the Board of Directors agreed to submit an application for a brokerage membership in SGX-DT (Derivatives Trading). ● In August, The Company joined Yuanta Futures Co., Ltd. in organizing 7 sessions of "2011 Second Half Investment Highlight Seminar", which attracted more than 1,200 audience. The two companies were already warming up to the official business merger scheduled in April 2012. ● In August, the Board of Directors approved The Company's merger with Yuanta Futures Co., Ltd. and a cash issue to complete the merger. ● In September, Polaris Futures formed a cross-industry alliance with the Game & E-Sports Professional League - "SOC Gaming", and identified the top 300 gaming experts as potential trading talents. ● In September, the Board of Directors agreed to submit an application to CME Group for a membership in Chicago Mercantile Exchange (CME). ● Futures Quarterly volume No.14 was published in October. ● In October, The Company joined Yuanta Futures in organizing the "CME Trade Tournament". The campaign
2011	

Year	Major events
2012	<p>closed at the end of November with 30 thousand more contracts traded in just two months; it was a fine example of how Yuanta Polaris Futures Co., Ltd. produces synergies greater than the sum of its parts.</p>
	<ul style="list-style-type: none"> ● In November, Polaris Futures was named "Outstanding Merchant in R.O.C." by the Ministry of Economic Affairs, and was the only financial institution to be accredited.
	<ul style="list-style-type: none"> ● Assembled the "Remuneration Committee" in November.
	<ul style="list-style-type: none"> ● In December, the Financial Supervisory Commission approved The Company's merger with Yuanta Futures Co., Ltd.
	<ul style="list-style-type: none"> ● In December, The Company was reviewed by Taiwan Corporate Governance Association and was awarded its "CG6006 Corporate Governance Certification" during the ceremony held on December 28, making it the first futures company to receive such certification.
	<ul style="list-style-type: none"> ● In December, Vice Chairman and General Manager Ms. Chou, Hsiao-Ling was rated "Top Hundred MVP Managers" in 2011.
	<ul style="list-style-type: none"> ● In December, The Company joined Yuanta Futures in organizing 3 sessions of "Taiwan Stock Market 101" seminar, and delivered a detailed analysis of what to expect in the upcoming presidential election and Chinese New Year season.
	<ul style="list-style-type: none"> ● In January, the Financial Supervisory Commission approved The Company's new share issue to complete its merger with Yuanta Futures Co., Ltd.
	<ul style="list-style-type: none"> ● In January, the Board of Directors agreed to submit an application for a membership in Intercontinental Exchange (ICE), U.S.
	<ul style="list-style-type: none"> ● Futures Quarterly volume No.15 was published in January.
	<ul style="list-style-type: none"> ● January: No break in Spring Festival, “ 2012 Auspicious Dragon” event for promotion of overseas futures, which helped to boost up sales in foreign futures.
	<ul style="list-style-type: none"> ● April: Futures Quarterly volume No.16 was published.
	<ul style="list-style-type: none"> ● April: Merger with Yuanta Futures, and the Company was renamed as “Yuanta Futures Co., Ltd.”
	<ul style="list-style-type: none"> ● April: Launched the “Money to Singapore” event jointly with Singapore Stock Exchange, and unveiled the three hot items of Asia, namely, STW, SCN, and Xitun.
	<ul style="list-style-type: none"> ● May: the “Auditing Committee” was established to substitute the functions of the supervisors in monitoring the treasury, internal control, compliance and the control of potential risks.
	<ul style="list-style-type: none"> ● May: qualified as a member of NYSE Liffe, which made Yuanta Futures the only futures firm in Taiwan that has acquired membership of two major exchanges in Europe.
	<ul style="list-style-type: none"> ● June: launched series of “Knighthood Decoration” for pooling good people in the industry. Hundreds of students have participated in the event.

Year	Major events
2012	<ul style="list-style-type: none"> ● July: Entered into MOU with China Development Bank Futures in consulting cooperation. ● Futures Quarterly volume No.17 was published in July. ● July: Organized the “Olympic European Debt Cup” jointly with Eurex and NYSE Liffe, the first time where bonds and futures were used as the core product. ● August: Entered into the “Agreement on Futures Options Consulting Cooperation” with China Development Bank Futures of Mainland China. ● Futures Quarterly volume No.18 was published in October. ● October: Organized 27 “Options of the Week” events and launched new futures options jointly with Taiwan Futures Exchange. ● October: Worked in cooperation with CME Group in holding the “US Bonds Election Campaign”, with US bonds as the products in the contest. ● October: Seminar with the management of futures firms and won three championship from TWSE in stocks and futures: (1) Excellence Award (total brokerage volume): Yuanta Futures is ranked the first place; (2) Pinnacle Award (total proprietary volume): Yuanta Securities is ranked the first place; (3) Preeminence Award (total IB trading volume): Yuanta Securities is ranked the first place. ● October: Invested to establish a wholly-owned overseas IT firm at the approval of FSC. With the breakthrough from the banking policies in Taiwan and Mainland China through ECFA, the Company moved into the futures market of Mainland China in one step and established its operation in Greater China. ● October: Taichung Branch relocated its office to 8F-1,2, and 3 at No. 179, Chu Fu Road, Xitun District, Taichung. ● October: Tainan Branch relocated its office to 4F, No. 147, Kai Yuan Road, North District, Tainan. ● November: Kaohsiung Branch relocated its office to 7F-1, No. 143, Chung Cheng 4th Road, Qianjin District, Kaohsiung. ● November: the first futures firm in Taiwan being approved to invest for the establishment of a wholly-owned subsidiary overseas, the Yuanta Futures (HK) Co., Limited. ● December: Organized the “TXO Week Maturity Month Contest” Phase I jointly with TWSE, and was awarded the “Champion of FCM Group in Total Trading Volume of All Locations”.
2013	<ul style="list-style-type: none"> ● Futures Quarterly volume No.19 was published in January. ● In January, organized the “Flexible TXO Deployment Week” 4 large-scale lecture tours, close to 39 small seminars, and about 1,400 persons’ participation; was awarded the “Champion of FCM Group in Total Trading Volume of All Locations” for two consecutive years. ● In January, organized the “2013 Lucky Dragon”, no break

Year	Major events
2013	<p>in Spring Festival in the promotion of overseas futures that helped to boost up sales of overseas futures 70% above that of the corresponding period last year.</p> <ul style="list-style-type: none"> ● Futures Quarterly volume No.20 was published in April. ● In April, organized the “currency war” accompanied the current event of Asia exchange rates continually to weaken, and attracted the customer by multiple prizes to participate in the trading of CME FX Futures commodities. During the period of activities, These contributed to the growth of more 31.71% in trade and the net increase of 77 thousand by volume than the previous quarter. ● In April, with the half reduction again of Futures Transaction Tax to 0.002%, spent the budget of marketing 6,000 thousand, targeted on high frequency trading and the Petty bourgeoisie group to promote the “Strategy of Day Trade”. Organized large-scale reunion serial courses with 200 more sessions integrating the proprietary trading know-how, which were the only consulting and innovation course. ● In April, completed the merger of Liuohe Kaohsiung Branch and the moving to 7F, No.143, Zhongzheng 4st Rd., Kaohsiung City, and organized serial activities such as the moving tea party, the gifts for daughter's returning home, and the prospect in the second quarter, etc. ● In April, transferred the investment in the subordinate, SYF Information (Shanghai) Limited in China and was officially licensed to run a business for an enterprise legal person in China. It is leading the industry in running business and operations actively in China. ● In June, the chairman of the board, Mr. Ho, Ming-Hong, took over the 4th chairman of the Chinese National Futures Association ● In June, Yuanta Financial Holdings and we were both honored with an A++ ranking in the tenth Information Disclosure Evaluation System for Publicly Traded Companies held by Securities and Futures Institute, which was the only futures company in Taiwan. ● Futures Quarterly volume No.21 was published in July. ● In July, No. 1 in futures companies amongst the Top 5000 large corporations in Taiwan. ● In July, organized “USA stocks challenge competitions” and innovated the virtual channels partnership to attract bloggers’ fans and more than thousands of walk-in customers to set a new record. ● In August, won the No.1 of the brokerage firm consolation prize in the first phase in May, June, and July of tax deduction promotion activities held by Taiwan Futures Exchange, No.1 of brokers trading gold award, No.1 of brokerage firms’ associated person award, No.1 of dealer excellence award, and No.1 of proprietary trader award.

Year	Major events
2014	<ul style="list-style-type: none"> ● Futures Quarterly volume No.22 was published in October. ● In November, published “Big Winner of the bears and bulls”, the first book covering all of four financial futures, included categories of indices, foreign exchange, bonds, and interest rates. More than 2,500 sold in a short two months after coming into the market. ● In December, organized “cross borders of Europe and America” for the warm-up of Eurex/TAIFEX Link trading on May 15, 2014. Encouraged customers of the US market to make attempts in the European market. Organized 105 seminars for the European market. ● In December, won the No.1 of the brokerage firm consolation prize in the second phase in August of tax deduction promotion activities held by Taiwan Futures Exchange, No.1 of brokers trading gold award, No.1 of brokerage firms’ associated person award, No.1 of dealer excellence award in August, September, October, November, and December, and No.1 of proprietary trader award. ● In December, was honored with the champion of FCM On-Line trading simulation held by Taiwan Futures Exchange for three consecutive months in September, October, and November. Its affiliated IB included Yuanta Securities Co., Ltd. winning No.1 in September, Reliance Securities, Co., Ltd. winning No.2 in September and No.1 in both October and November, Jinfeng Securities Co., Ltd. winning No.2 in both October and November, and Taichung Bank Securities winning No.3 in October. Nearly 80% of the winning percentage which is an outstanding performance presenting Yuanta Futures’ achievements of long-term cooperation with IB channels. ● In January, the Investee company, BaoFu Futures Trust Co., Ltd. changed the company name to MF G Investment Consulting Co., Ltd. ● Futures Quarterly volume No.23 was published in January. ● Organized the “Chinese New Year Good Buddy” activity in February throughout the holidays to promote foreign futures, with a 15.5% growth in average daily volume over the previous period achieved. ● Won the first place in stock futures FCM trade at the Taiwan Futures Exchange in January – March. ● Futures Quarterly volume No.24 was published in April. ● Won the second place in stock futures FCM trade at the Taiwan Futures Exchange in April – May. ● Eurex/TAIFEX Link marketing activities were promoted in May in response to Taiwan Futures Exchange authorizing EUREX to trade on “Taiwan futures and the daily futures on TXO contract.” Also, held five seminars with over one hundred participants each time to vigorously assist the Taiwan Futures Exchange in promoting Taiwan futures

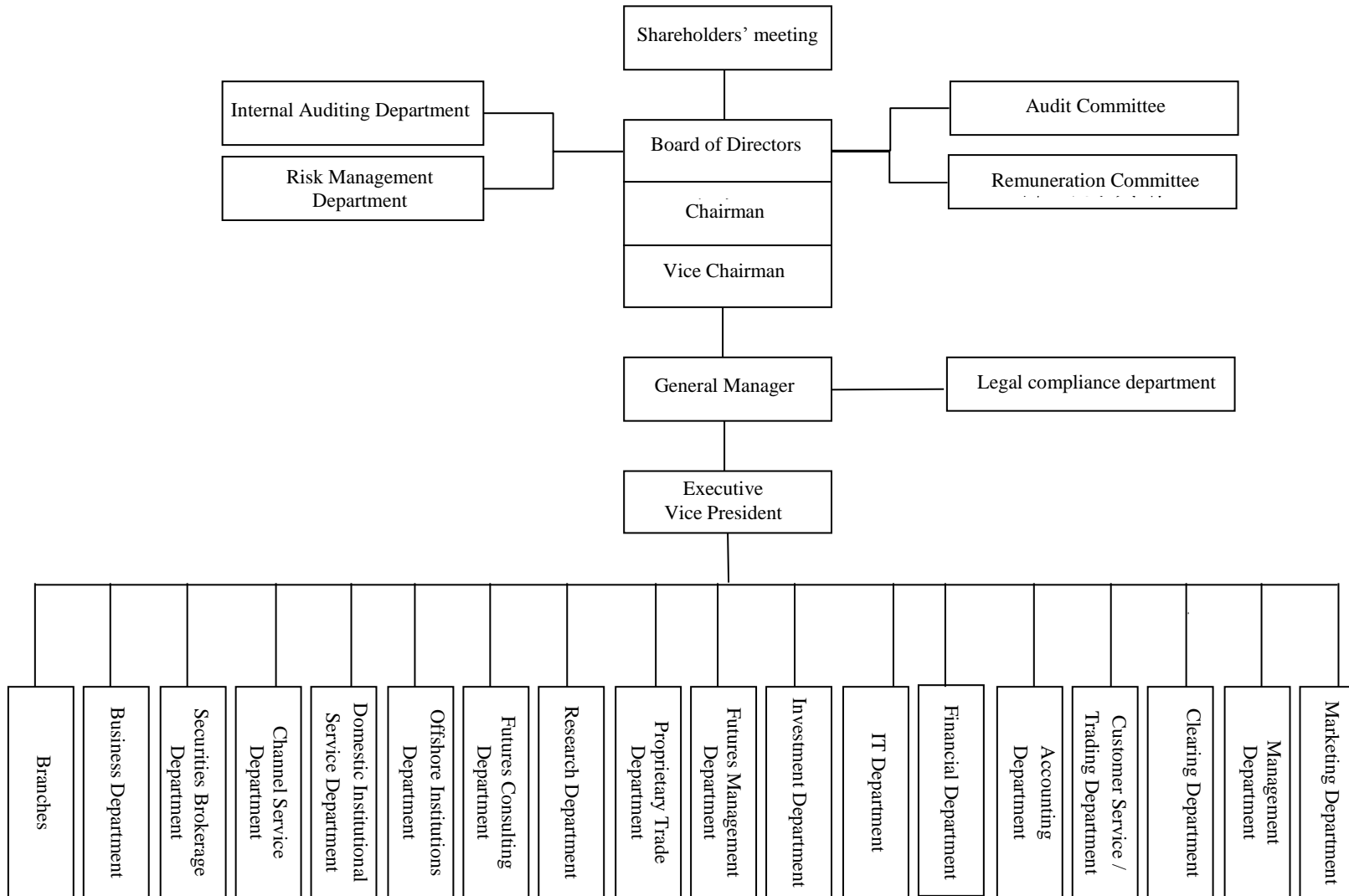
Year	Major events
2014	<p>products.</p> <ul style="list-style-type: none"> ● Won the first place in stock futures FCM trade at the Taiwan Futures Exchange in June. ● The Company and Yuanta Financial Holdings received in June the highest “A++” rating in the 10th “TWSE/GTSM Listed Companies Information Disclosure Assessment” by the Securities and Futures Institute and the Company is the one and only futures company in Taiwan to receive the highest “A++” rating for two consecutive years. ● Futures Quarterly volume No.25 was published in July. ● In July, No. 1 in futures companies amongst the Top 5000 large corporations in Taiwan. ● Won the third place in the TX FCM trade Gold Medal at Taiwan Futures Exchange in July. The associated IB of Yuanta Securities won the first place in the IB trade Silver Medal. FCM total trade won the first place in the Eurex/TAIFEX Link in May-August and the first place in the FCM trade and Plus award in July. ● Worked with CME Group, the global exchange, to launch the “e-USA” campaign in July and the “Eight Light Signals” App service in August additionally to provide instant message broadcasting for commodities with high volatility. ● Worked with the Taiwan Academy of Banking and Finance (TABF) in September to launch the “International Trader Recruitment” campaign with 10 activities arranged in Taipei, Hsinchu, Taichung, Tainan, and Kaohsiung that attracted more than 1,100 young student participants. ● Worked with Yuanta Securities to launch the “2014 Yuanta Gift Season” campaign in September - December that stimulated the trade volume of new accounts to grow. ● Awarded with The Leadership Award in September by The Asset Magazine. ● Awarded in September by the ROC Outstanding Enterprise Manager Association with the 16th Jinfeng Award “Top-Ten Outstanding Enterprises.” ● Won the Award of FTX FCM and OTX FCM Stage II trade competition program of the Taiwan Futures Exchange in September. ● Futures Quarterly volume No.26 was published in October. ● Awarded with the “Outstanding Enterprise” at the 11th National Brand Yushan Award in October by the ROC National Enterprise Competitiveness Development Association and The National Brand Yushan Award Admission Committee. ● Awarded with the “ROC Excellent Merchants” Award in October by the General Chamber of Commerce of the Republic of China after the Company has been awarded the 65th “ROC Excellent Merchants” Award in 2011 and the 68th “ROC Excellent Merchants” Award in 2014.

Year	Major events
2015	<ul style="list-style-type: none"> ● Won the first place at the TX FCM trade Gold Medal at the Taiwan Futures Exchange in October. The associated IB of Yuantan Securities won the third place in the IB trade Gold Medal. ● Launched the “Election Outpost” campaign in November in response to the 9-in-1 election agenda. Promoted and broadcast important financial information through the Yuanta Futures App to alert investors. ● Launched the “2015 Global and Chinese Market Investment Outlook” seminar with Yuanta Securities and Yuanta Investment Trust in January to analyze global investment trends.

Three. Corporate Governance

I. Organizational structure

(1) Corporate structure



(2) The responsibilities of various divisions

Department	Main responsibilities
<p>Board of Directors</p> <p>General Manager</p> <p>Executive Vice President</p>	<p>The Board of Directors is the decision maker for all business affairs within The Company. To shareholders, the Chairman represents the Board of Directors; to outsiders, the Chairman represents The Company and is involved in corporate operations as the Chief Executive Officer. The Chief Executive Officer is responsible for the strategic planning of The Company, and reports to the Board of Directors on a regular basis.</p> <p>The General Manager is responsible for carrying out the Board of Directors' resolutions and the Chairman's instructions; and oversees The Company's business performance, risk management, budgeting, and other affairs. The General Manager reports to the Board of Directors on a regular basis. The Executive Vice President is appointed to assist in management over The Company's business, finances, operating expenses, human resources etc, and report to the Board of Directors on a regular basis.</p>
Auditing Committee	<ol style="list-style-type: none"> 1. Establishment of or amendment to internal control system pursuant to Article 14-1 of the Securities and Exchange Act. 2. Evaluate the effectiveness of the internal control system. 3. Stipulate or revise the regulations governing the significant financial business behaviors, including the acquisition and disposal of assets, trading of financial derivatives, lending of capital, loaning of funds, and making of endorsement/guarantees in accordance with Article 36.1 of the Securities and Exchange Act. 4. Matters that involve the best interests of the directors. 5. Material assets or derivative transactions. 6. The lending, endorsement, or guarantee of capital in huge sum. 7. Public offering, issuance, or private placement of equity-type securities. 8. The appointment, dismissal, or compensation of the CPAs. 9. The appointment and dismissal of the Finance Officer, Accounting Officer, or Internal Chief Auditor. 10. Annual financial reports and interim financial report. 11. Other significant matters required by the Company or the competent authorities.
Remuneration Committee	<ol style="list-style-type: none"> 1. Evaluates and supervises The Company's remuneration policies. 2. Establish the structure and system of the remuneration to the directors. 3. Establishes performance evaluation and remuneration standards for all managers. 4. Establishes salary adjustment standards. 5. Establishes special bonus criteria. 6. Any other tasks authorized by the Board of Directors.
Auditing Department	Conduct audit on the enforcement of the internal control system by respective functional units and propose recommendation of corrective action, and keep track on the status of corrective action.
Risk Management Department:	Responsible for the management and control of the overall market risk, credit risk, model risk, liquidity risk, and system risk of the Company, and monitor the business units in trading hours and analysis at the close of the market.
Marketing Department	Responsible for planning and execution of Corporate marketing projects, media public relation, brand image, and E-commerce.
Management Department	Responsible for handling the affairs related to the Remuneration Committee, administration, general affairs, archives, personnel, education and training, compensation and benefits, labor safety and health, employee benefits committee affairs; also, the purchase, repair and management of assets, electrical engineering, communications, equipment and office supplies, the planning of the Company's short-term, mid-term, and long-term development policy, and the analysis of the Company's operating performance.
Clearing Department	Responsible for processing the request for clearing and settlement of futures trade by investors or commission futures merchants.
Customer Service /	Responsible for executing the transaction orders of futures trade by investors or commission futures merchants and related customer services.

Department	Main responsibilities
Trading Department	
Accounting Department	Responsible for the establishment and execution of the accounting system of the Company, bookkeeping, compilation and declaration of financial statements, tax planning and declaration, budgeting for the Company, and the compilation of statements for profit center operation.
Financial Department	Responsible for the overall planning of the financial structure of the Company, fund appropriation, and cashier service.
IT Department	Responsible for the assessment, planning, and execution of the computerization of the business process, the development of software and maintenance of hardware of the information system, development and maintenance of the website, and webpage design.
Compliance Department	Responsible for the gathering of information on the laws governing the operation of the Company and the analysis of the applicability and review of the situations, the study and management of different kinds of contracts, advice and handling of legal disputes and lawsuits, the design, management, and enforcement of compliance system, works related to share registration, the Board, and the Audit Committee, the enforcement of corporate governance, application for licensing and license renewal with the competent authority.
Investment Department	Responsible for the design of the long, mid, and short-term investment plans and investment directions, establishment of corporate management system, analysis of operation evaluation. Assist the investees in financial management, compliance, establishment and control of risk management mechanism, the design, execution and supervision of the business platform.
Futures Management Department	Offers discretionary futures trading services.
Proprietary Trade Department	Engaged in proprietary trade of futures and securities announced by the competent authority at home and abroad, and the research and development of the proprietary trading system.
Research Department	Research and analysis, market survey, and the development of futures trade related products.
Futures Consulting Department	Provide research report and analysis of futures trade, give opinions and suggestions, at the appointment of designated parties, publications, or holding seminars.
Domestic Institutions Department	Handling onshore and offshore futures trade orders of domestic institutional investors as announced by the competent authority. Provide market information, research reports, trade information related to institutional investors.
Offshore Institutions Department	Handling onshore and offshore futures trade orders of offshore institutional investors as announced by the competent authority. Provide market information, research reports, trade information related to institutional investors.
Channel Service Department	Supervise and assist the futures introducing brokers, solicit business and provide brokerage service for the Company in opening new accounts and placing trade orders for the investors.
Securities Brokerage Department	Execute orders for securities traded in the exchange and OTC markets and the trading of financial products permitted under law.
Business Department	Execute trade orders of futures at home and abroad, securities traded in the exchange and OTC market, securities IB business, and futures consulting business, and discretionary investment.
Branches	Execute trade orders of futures at home and abroad, securities traded in the exchange and OTC market, securities IB business, and futures consulting business, and discretionary investment.

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

(1) Directors

1. Information on the directors

January 31, 2015

Title	Nationality and Registry	Name	Date first elected	Date elected	Term	Shareholding as of elected date		Current shareholding		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current duties in The Company and in other companies	Spouse or relatives of second degree or closer acting as Directors, Supervisors, or other department heads		
						Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage			Title	Name	Relationship
Director	Republic of China	Yuanta Financial Holding Co., Ltd.	2012.05.23	2012.05.23	3 years	101,000,000	43.48%	159,467,282	68.65%	0	0	0	0	None	None	None	None	None
Chairman	Republic of China	Yuanta Financial Holding Co., Ltd. Representative: Mr. Lin, Tien-Fu (Note 4, 5)	2014.06.26	2014.06.26	11 months	0	0	0	0	0	0	0	0	General Manager, Yuanta Polaris Securities Co., Ltd. Vice Chairman, Yuanta Securities Finance Co., Ltd. Director and General Fuh Hwa Securities Investment Trust Co., Ltd. Director and Executive Vice President, Yuanta Core Pacific Securities Co., Ltd. Chairman, Ding Fu Securities Co., Ltd. Director, Yuanta Financial Holding Co., Ltd. Yu Da High School of Commerce and Home Economics Completed the Accounting Practice course of the Accounting Advanced Class 52 and Intermediate Accounting course of Class 57 arranged by the Center for Public and Business Administration Education, National Chengchi University (NCCU CPBAE).	The Company's Chairman, Director, Yuanta Educational and Cultural Foundation	None	None	None
Director representative	Republic of China	Yuanta Financial Holding Co., Ltd. Representative: Ms. Chou, Hsiao-Ling	2007.11.21	2012.05.23	3 years	70,772	0.03%	186,144	0.08%	0	0	0	0	Director and Vice Chairman, Yuanta Futures Co., Ltd. Director and Vice President, Overseas Chinese Bank. Polaris Futures Co., Ltd. Master, Banking and Finance, National Taiwan University	The President of the Company, the Board Director of Yuanta Futures (Hong Kong) Limited, the Board Director of Shengyuan Futures Information Co., Ltd., the Board Director of Shengyuan Futures Information (Samoa) Co., Ltd., the Board Director of Shengyuan Futures Information Technology (Shanghai) Co., Ltd., the Board Director of Taiwan Futures Exchange, the Chairman of He-Ruifeng Company,	None	None	None

Title	Nationality and Registry	Name	Date first elected	Date elected	Term	Shareholding as of elected date		Current shareholding		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current duties in The Company and in other companies	Spouse or relatives of second degree or closer acting as Directors, Supervisors, or other department heads		
						Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage			Title	Name	Relationship
															and the Board Director of Yuanta Foundation			
Director representative	Republic of China	Yuanta Financial Holding Co., Ltd. Representative: Mr. Ho, Ming-Hong (Note 5)	2003.10.08	2012.05.23	3 years	91	0.00%	0	0	0	0	0	0	Chairman, Yuanta Futures Co., Ltd. Chairman, Rosenthal Collins Group Ltd Director, Yuanta Commercial Bank Director, Polaris Securities Co., Ltd. Director, Waterland Financial Holding Co., Ltd. Director, International Bills Finance Corp. Master of Business Administration, University of Washington, USA	The Chairman of the Chinese National Futures Association, the Board Director of Yuanta Financial Holdings, the Board Director of Yuanta Financial (Asia) Co., Ltd., the Board Directors of Yuanta Securities Co., Ltd., the Chairman of Yuanta Securities Co., Ltd., the Board Director of Taiwan Futures Exchange, the Legal Representative of Asahi Investment Co., Ltd., the Supervisor of UDN Co., Ltd., the Board Director of Lian-An Health Business Co., Ltd., and the Board Director of Yuan Foundation.	None	None	None
Director representative	Republic of China	Yuanta Financial Holding Co., Ltd. Representative: Ms. Sung, Shiao-Chin	2012.05.23	2012.05.23	3 years	4,000	0.00%	4,000	0.00%	0	0	0	0	The Executive Vice President of Yuanta Futures Co., Ltd. MBA, Ming Chuan University	The vice president of Yuanta Financial Holdings Co., Ltd., and the vice president of Yuanta Securities Co., Ltd.	None	None	None
Director representative	Republic of China	Yuanta Financial Holding Co., Ltd. Representative: Mr. Yu, Yao-Tin	2012.05.23	2012.05.23	3 years	0	0	0	0	0	0	0	0	Vice President, Yuanta Securities Finance The Chairman of Sicheng Information Co., Ltd. PhD, Information Science, University of Texas • Austin.	Director, Yuanta Financial Holding; Executive VP, Yuanta Securities Finance; Director, SYF Information Co., Ltd.; Director, SYF Information (Shanghai) Limited	None	None	None
Director representative	Republic of China	Yuanta Financial Holding Co., Ltd. Representative: Mr. Chen, Hsiu-Wei (Note 6)	2014.06.26	2014.06.26	11 months	0	0	0	0	0	0	0	0	The Board Director of Yuan Securities Investment Consulting (Beijing) Co. Director and Executive Vice President, Yuanta Polaris Securities The Board Director of Yuan Venture Capital Co., Ltd. The Board Director of Yuan One Venture Capital Co., Ltd. The Board Director of Yuanta Financial (Asia) Co., Ltd. Department of Law, National Chung Hsing University	The Senior Vice President of Yuanta Financial Holdings, the Supervisor of Yuanta International Assets Management Co., Ltd., the Supervisor of Shengyuan Futures Information Technology (Shanghai) Co., Ltd., and the Supervisor of Shengyuan Futures Information Co., Ltd.	None	None	None

Title	Nationality and Registry	Name	Date first elected	Date elected	Term	Shareholding as of elected date		Current shareholding		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current duties in The Company and in other companies	Spouse or relatives of second degree or closer acting as Directors, Supervisors, or other department heads		
						Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage			Title	Name	Relationship
Independent Director	Republic of China	Mr. Lay, Kuen-Horn	2012.05.23	2012.05.23	3 years	0	0	0	0	0	0	0	0	The Vice President of the Motor Vehicle Accident Compensation Fund Executive Secretary, Financial Supervisory Commission, Section Officer, Section Manager, and Deputy Team Manager, Securities and Futures Bureau, Financial Supervisory Commission, MBA, National Taipei University	The supervisor of TSH Biopharm Corporation Limited, and the independent director of Excellence Optoelectrics, Inc.	None	None	None
Independent Director	Republic of China	Mr. Huang, Jung-Hsien	2012.05.23	2012.05.23	3 years	0	0	0	0	0	0	0	0	Independent Director, Yuanta Securities Co., Ltd.; The chairman of Central Trust of China. The Counselor of Ministry of Finance, Department of Public Finance, National Chengchi University;	Independent Director, Yuanta Commercial Bank; Independent Director, Yuanta Securities Co., Ltd.	None	None	None
Independent Director	Republic of China	Mr. Yeh, Shao-Wee	2012.05.23	2012.05.23	3 years	0	0	0	0	0	0	0	0	The vice president of Taiwan Futures Exchange and the vice president of Taiwan Deposit and Clearing Corporation. Department of Applied Mathematics, National Chung Hsing University	None	None	None	None

Note 1: The Company has held the election of its new Board on May 23 2012. The term of the 8th Board of Directors started on May 23 2012 and ends on May 22 2015.

Note 2: The initial day of elected office of individual directors or representatives shall be initial day of office.

Note 3: In the Company as of January 31, 2015. Total outstanding shares: 232,276,288 shares.

Note 4: Yuanta Financial Holdings had Mr. Lin, Tien-Fu delegated as the representative on June 26, 2014 for the period of June 26, 2014 ~ May 22, 2015. The former representative, Mr. Lu, Lih-Jeng, was dismissed on March 27, 2014.

Note 5: The former Chairman, Mr. Ho, Ming-Hong resigned on June 17, 2014. The Company had convened the board meeting on June 26, 2014 to have Mr. Lin, Tien-Fu elected as the Chairman for the term starting on June 27, 2014.

Note 6: On June 26, 2014, the representative of Yuanta Financial Holdings Co., Ltd., Mr. Hung, Wen-Ming, was replaced by Mr. Chen, Hsiu-Wei, who began his term from June 26, 2014 to May 22, 2015.

Table 1: Corporate shareholders' main shareholders

August 26, 2014

Name of corporate shareholder	Corporate shareholders' main shareholders
Yuanta Financial Holding Co., Ltd.	Chun Chueh Investment Co., Ltd. 3.88%
	Yuan Hung Investment Co., Ltd. 3.39%
	Yuan Hsiang Investment Co., Ltd. 2.86%
	Yu Yang Investment Co., Ltd. 2.79%
	The investment account entrusted by Mega International Commercial Bank for Mega Securities (Hong Kong) Co., Ltd. 2.77%
	Bank of Taiwan 2.33%
	Singapore Government Investment Account in the custody of Citibank (Taiwan) 2.24%
	Lian Ta Investment Co., Ltd. 2.18%
	Nan Shan Life Insurance Co. Ltd. 2.01%
	Cathay Life Insurance Co. Ltd. 1.92%

Note: The Top-10 shareholders were listed according to the information on the ex-right date (8.26.2014) of the Yuanta Financial Holdings in 2014.

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

January 31, 2015

Name of corporate shareholder	Corporate shareholders' main shareholders
Chun Chueh Investment Co., Ltd.	Teng Ta Investment Co., Ltd. 19.30%
	Lian Ta Investment Co., Ltd. 19.49%
	Chiu Ta Investment Co., Ltd. 18.36%
	Lian Heng Investment Co., Ltd. 18.92%
	Hsing Tsai Investment Co., Ltd. 10.24%
	Ma Wei-Chien 8.27%
	Tu Lee-Chuang 4.69%
	Lin Yung-Chang 0.39%
	Ma Er-Tai 0.34%
Yuan Hung Investment Co., Ltd.	Mei Chia Lee Investment Co., Ltd. 45.88%
	Lian Heng Investment Co., Ltd. 33.74%
	Teng Ta Investment Co., Ltd. 15.38%
	Tu Lee-Chuang 5.00%
Yuan Hsiang Investment Co., Ltd.	Lian Ta Investment Co., Ltd. 44.38%
	Lian Heng Investment Co., Ltd. 19.00%
	Teng Ta Investment Co., Ltd. 18.69%
	Chiu Ta Investment Co., Ltd. 9.96%
	Tu Lee-Chuang 5.01%
Yu Yang Investment Co., Ltd.	Hsing Tsai Investment Co., Ltd. 2.96%
The investment account entrusted by Mega International Commercial Bank for Mega Securities (Hong Kong) Co., Ltd.	Chun Chueh Investment Co., Ltd. 100%
Bank of Taiwan	Not applicable
Singapore Government Investment Account in	Taiwan Financial Holdings 100%
	Not applicable

Name of corporate shareholder	Corporate shareholders' main shareholders
the custody of Citibank (Taiwan)	
Lian Ta Investment Co., Ltd.	Chiao Hua International Investment Co., Ltd. 45.79%
	Lian Heng Investment Co., Ltd. 37.14%
	Chiu Ta Investment Co., Ltd. 14.02%
	Hsing Tsai Investment Co., Ltd. 2.58%
	Tu Lee-Chuang 0.47%
Nan Shan Life Insurance Co. Ltd.	The trust account of First Commercial Bank for RuenChen Investment Holdings Ltd. 83.11%
	Ruen Chen Investment Holdings Ltd. 7.52%
	Tu, Ying-Tsung 3.25%
	The trust account of Taishin International Bank Co., Ltd. for Nan Shan Life Insurance's stocks. 0.88%
	Runhua Weaving Co. Ltd. 0.28%
	Ruentex Development Co., Ltd. 0.15%
	Jiping Investment Co., Ltd. 0.11%
	Guo, Wen-De 0.11%
	Porsch Investment Co., Ltd. 0.05%
	Poyi Investment Co., Ltd. 0.05%
	Poly Faith Investment Co., Ltd. 0.05%
	Prowin Investments Co., Ltd. 0.05%
Cathay Life Insurance Co. Ltd.	Cathay Financial Holdings 100%

2. The professional knowledge and independence of the directors

Name \ Qualification	Having more than 5 years work experience and professional qualifications listed below			Compliance of independence (Note 2)										Number of positions as an Independent Director in other public listed companies
	Lecturer (or above) of commerce, law, finance, accounting, or any subjects relevant to the company's operations in a public or private tertiary institution	Certified judge, attorney, lawyer, accountant, or holders of professional qualification relevant to the company's operations	Commercial, legal, financial, accounting or other work experiences required to perform the assigned duties	1	2	3	4	5	6	7	8	9	10	
Yuanta Financial Holdings Co., Ltd. Representative: Mr. Lin, Tien-Fu			✓			✓	✓		✓	✓	✓	✓		0
Yuanta Financial Holdings Co., Ltd. Representative: Ms. Chou, Hsiao-Ling			✓			✓	✓		✓	✓	✓	✓		0
Yuanta Financial Holdings Co., Ltd. Representative: Mr. Ho, Ming-Hong			✓			✓	✓		✓	✓	✓	✓		0
Yuanta Financial Holdings Co., Ltd. Representative: Ms. Sung, Shiao-Chin			✓		✓	✓	✓		✓	✓	✓	✓		0
Yuanta Financial Holdings Co., Ltd. Representative: Mr. Chen, Hsiu-Wei			✓		✓	✓	✓		✓	✓	✓	✓		0
Yuanta Financial Holdings Co., Ltd. Representative: Mr. Yu, Yao-Tin			✓			✓	✓		✓	✓	✓	✓		0
Mr. Lay, Kuen-Horn	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Mr. Huang, Jung-Hsien	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	2
Mr. Yeh, Shao-Wee	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0

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

- (1) Not employed by the company or any of its affiliated companies.
- (2) Not a director or supervisor of the company or its affiliated companies (not applicable if the position is an independent director of the company, its parent company, or subsidiaries to which the company holds more than 50% direct or indirect voting interest).
- (3) Does not hold more than 1% of the company's outstanding shares in his/her own name or under the name of spouse, underage children, or any other person; nor is any party listed herein one of the ten largest natural person shareholders of the company.
- (4) Not a spouse, relative of second degree, or direct kin of fifth degree or closer to persons described in criteria 1~3.
- (5) Not a director, supervisor, or employee of the company's corporate shareholder holding more than 5% of the company's outstanding capital; nor a director, supervisor, or employee to any of the top 5 corporate shareholders.
- (6) Not a director, supervisor, manager, or shareholder with more than 5% ownership interest in any company or institution that has financial or business relationship with the company.
- (7) Not a professional, business owner, partner, director, supervisor, or manager of any sole-proprietorship, partnership, company, or institution providing commercial, legal, financial, or accounting services or consultations to the company or any of its affiliated companies; nor a spouse to anyone listed herein. Except the members of the Remuneration Committee performing their duties pursuant to Article 7 of the Regulation Governing the Establishment of Remuneration Committee and the Performance of Authority of Companies trading their stocks in TWSE/GTSM.
- (8) Not a spouse or relative of second degree or closer to any other directors.
- (9) Does not meet any descriptions stated in Article 30 of The Company Act.
- (10) Not elected as a government or corporate representative according to Article 27 of The Company Act.

(2) Background information of the General Manager, Vice Presidents, Assistant Vice Presidents and heads of various departments and branches

January 31, 2015

Title	Nationality	Name	Date on board	Shares held		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current positions in the company and other companies	Spouse or relatives of second degree or closer acting as managers		
				Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage			Title	Name	Relationship
General Manager	Republic of China	Ms. Chou, Hsiao-Ling	2014/04/01	186,144	0.08%	0	0	0	0	Vice Chairman, Yuanta Futures Co., Ltd. Master, Banking and Finance, National Taiwan University	The Board Director of Yuanta Futures (Hong Kong) Limited, the Board Director of Shengyuan Futures Information Co., Ltd., the Board Director of Shengyuan Futures Information (Samoa) Co., Ltd., the Board Director of Shengyuan Futures Information Technology (Shanghai) Co., Ltd., the Board Director of Taiwan Futures Exchange, the Chairman of He-Ruifeng Company, and the Board Director of Yuanta Foundation	None	None	None
Executive Vice President	Republic of China	Mr. Kuo, Yu-Hong	2013/05/01	30,649	0.01%	10,064	0.00%	0	0	Vice President, Polaris Futures Co., Ltd. Department of Law, Fu Jen Catholic University	Director, Yuanta Futures (HK) Co., Limited	None	None	None

Title	Nationality	Name	Date on board	Shares held		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current positions in the company and other companies	Spouse or relatives of second degree or closer acting as managers		
				Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage			Title	Name	Relationship
Senior Vice President, Proprietary Trade Dept.	Republic of China	Mr. Lai, Sheng-Tang	2012/08/01	69	0.00%	0	0	0	0	President, Man Futures Trust Co., Ltd. MBA, University of Washington, USA	None	None	None	None
Vice President, Domestic Institution Division	Republic of China	Ms. Tsai, Chia-Ling	2005/01/03	0	0	0	0	0	0	Vice President, Institution Dept, Polaris Futures Co., Ltd. MBA, National Chiao Tung University	None	None	None	None
Vice President, Foreign Institution Division	Republic of China	Ms. Li, Jing-Ru	2010/01/15	291	0.00%	0	0	0	0	Vice President, International Dept, Polaris Futures Co., Ltd. Department of Economics, University of Victoria, Canada	Director, Yuanta Futures (HK) Co., Limited	None	None	None
Vice President, Brokerage Business Division	Republic of China	Mr. Hsu, Kuo-Chun	2008/12/02	120,000	0.05%	2,000	0.00%	0	0	Vice President, Brokerage Business Division, Polaris Futures Co., Ltd. Department of Economics, National Taiwan University	None	None	None	None
Manager, Channel Service Dept.	Republic of China	Mr. Kao, Yi-Jui	2014/09/01	0	0	0	0	0	0	Junior VP of Yuanta Securities Co., Ltd. - Tucheng Branch Department of Agricultural Economics, National Taiwan University	None	None	None	None
Vice President, Accounting Dept.	Republic of China	Chou, Yu-Cheng	2010/06/21	0	0	0	0	0	0	Vice President, Treasury Dept, Polaris Futures Co., Ltd. Master of Accounting, Alabama State University	None	None	None	None
Senior Asst VP, Domestic Institution Dept.	Republic of China	Chang, Ching-Yee	2012/04/05	0	0	0	0	0	0	Asst VP, Institution Dept, Yuanta Futures Dept of Business Administration, Shih Chien University	None	None	None	None
Senior Asst VP of Business Department	Republic of China	Mao, Wei-Chi	2013/04/01	0	0	0	0	0	0	Senior Asst VP, Business Dept, Yuanta Futures MBA, Banking and Finance, and Fund Management, Ming Chuan University	None	None	None	None
Senior Asst VP, Compliance Dept,	Republic of China	Chien, Lee-Ling	2012/05/01	0	0	0	0	0	0	Senior Asst VP, Legal Affairs & Compliance Dept, Yuanta Polaris Securities Dept of Laws, Soochow University	None	None	None	None

Title	Nationality	Name	Date on board	Shares held		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current positions in the company and other companies	Spouse or relatives of second degree or closer acting as managers		
				Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage			Title	Name	Relationship
Taipei Branch Manager	Republic of China	Hao-Hsiang Chang	2012/12/01	0	0	0	0	0	0	Manger, Institution Dept, Polaris Futures Co., Ltd. Chemical Engineering, Taipei Chengshih University of Science and Technology	None	None	None	None
Hsinchu Branch Manager	Republic of China	Wu, Sheng-Wei	2009/08/01	0	0	0	0	0	0	Manager of Business Dept, Hsinchu Branch, Polaris Futures Co., Ltd. Department of Agricultural Marketing, National Chung Hsing University	None	None	None	None
Taichung Branch Manager	Republic of China	Huang, Min-Chun	2014/08/01	0	0	0	0	0	0	Professional Manager, IB Service Department, Yuanta Futures Masters of Business Administration, Tunghai University	None	None	None	None
Tainan Branch Manager	Republic of China	Lee, Hun-Chung	2013/10/01	0	0	0	0	0	0	Asst Vice Manager, Administration Dept, Kaohsiung Branch, Polaris Futures Co., Ltd. Master, Banking and Operation, National Kaohsiung First University of Science and Technology	None	None	None	None
Kaohsiung Branch Manager	Republic of China	Wang, Shi-Qing	2003/03/10	3,492	0.00%	0	0	0	0	Manager of Business Dept, Tainan Branch, Polaris Futures Co., Ltd. MBA, ational Cheng Kung University	None	None	None	None
Asst VP of Auditing Department	Republic of China	Wu, Wen-Fang	2012/04/01	0	0	0	0	0	0	Asst VP, Auditing Office, Yuanta Futures MBA, National Chiayi University	None	None	None	None
Asst VP, Risk Management Dept	Republic of China	Wu, Cheng-Kang	2012/04/01	0	0	0	0	0	0	Asst VP, Risk Management Office, Yuanta Futures Master, Banking and Finance, National Taiwan University	None	None	None	None
Senior Manager, Financial Department	Republic of China	Yuan, Liang-Huei	2012/04/01	0	0	0	0	0	0	Senior Manger, Finance and Accounting Department, Yuanta Futures Master, Banking and Finance, National Taipei University	None	None	None	None

Title	Nationality	Name	Date on board	Shares held		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current positions in the company and other companies	Spouse or relatives of second degree or closer acting as managers		
				Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage			Title	Name	Relationship
Senior Manager, IT Department	Republic of China	Li, Min-Lung	2013/08/01	0	0	0	0	0	0	Professional Manager, IT Department, Yuanta Futures Co., Ltd., Masters of Information Management, Lunghwa University of Science and Technology	None	None	None	None
Manager, Foreign Institution Dept.	Republic of China	Chang, Chun-Hao	2014/09/01	0	0	0	0	0	0	Senior Deputy Manager, Institution Dept., Yuanta Futures Department of Economics, University of Washington, USA	None	None	None	None
Customer Service / Trading Department Manager	Republic of China	Mr. Hu, Chia-Hui	2014/03/01	20,042	0.01%	0	0	0	0	Deputy Manager, Customer Service and Dealing Dept, Polaris Futures Co., Ltd. Shih Hsin High School of Industry and Commerce – Department of General Business	None	None	None	None
Clearing Department Manager	Republic of China	Song, Mo-Ju	2005/01/03	48,200	0.02%	0	0	0	0	Manager, Clearing Dept, Polaris Futures Co., Ltd. Department of Accounting, Hsingwu College	None	None	None	None
Manager of Futures Management Department	Republic of China	Lin, Hsuan-Hsiang	2014/03/06	0	0	0	0	0	0	Manager, Clearing Dept, Polaris Futures Co., Ltd. Department of Accounting, Shih Chien University	None	None	None	None
Manager, Management Dept	Republic of China	Chung Hsiu-Ling	1997/05/19	0	0	0	0	0	0	Manager, Management Dept., Yuanta Futures MBA, National Chiayi University	None	None	None	None
Manager, Research Department.	Republic of China	Chen, Yu-Hong	2013/09/01	0	0	0	0	0	0	Deputy Manager of Research and Development Department, Yuanta Futures Co., Ltd. Master, Banking and Finance, National Central University	None	None	None	None

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

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

1. Directors' remuneration (including Independent Directors)

Unit: NTD thousand

Title	Name (Note 1)	Directors' remuneration								The sum of A, B, C and D as a percentage of after-tax profit (Note 11)		Remuneration as an employee												NTD thousand The sum of A, B, C, D, E, F and G as a percentage of after-tax net profit (Note 11)		Remuneration from invested businesses other than the subsidiaries (Note 12)	
		Remuneration (A) (Note 2)		Pension (B)		Remuneration from earnings appropriation (C) (Note 3)		Fees for services rendered (D) (Note 4)				Salaries, bonuses, special allowances etc (E) (Note 5)		Pension (F)		Share of profit as an employee (G) (Note 6)				Total shares exercisable under employee stock warrants (H) (Note 7)		Quantity of shares acquired through restricted employee stock option (I) (Note 13)					
		The Company	All companies shown in the financial report (note 8)	The Company	All companies shown in the financial report (note 8)	The Company	All companies contained in the financial report (Note 8)	The Company	All companies contained in the financial report (Note 8)	The Company	All companies contained in the financial report (Note 8)	The Company	All companies shown in the financial report (note 8)	The Company		All companies contained in the financial report (Note 8)		The Company	All companies contained in the financial report (Note 8)	The Company	All companies contained in the financial report (Note 8)	The Company	All companies contained in the financial report (Note 8)				
Chairman	Yuanta Financial Holding Co., Ltd. Representative: Mr. Lin, Tien-Fu (Note 14, 15)	27,726	27,726	0	0	700	700	1,659	1,659	3.46%	3.46%	8,883	8,883	0	0	4	0	4	0	0	0	0	0	0	4.48%	4.48%	None
Director / General Manager	Yuanta Financial Holdings Co., Ltd. Representative: Ms. Chou, Hsiao-Ling (Note 17)																										
Director Former Chairman	Yuanta Financial Holding Co., Ltd. Representative: Mr. Ming-Hong (Note 15)																										
Former Director co-headed General Manager	Yuanta Financial Holdings Co., Ltd. Representative: Mr. Lu, Lih-Jeng (Note 14, 17)																										
Director	Yuanta Financial Holdings Co., Ltd. Representative: Ms. Sung, Shiao-Chin																										
Former Director	Yuanta Financial Holdings Co., Ltd. Representative: Win-Ming Hong (Note 16)																										
Director	Yuanta Financial Holdings Co., Ltd. Representative: Mr. Yu, Yao-Tin																										
Director	Yuanta Financial Holdings Co., Ltd. Representative: Mr. Chen, Hsiu-Wei (Note 16)																										
Independent Director	Mr. Huang, Jung-Hsien																										
Independent Director	Mr. Yeh, Shao-Wee																										
Independent Director	Mr. Lay, Kuen-Horn																										

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

Remunerations to individual directors in respective brackets along the salaries scale	Name of director			
	The total of the aforementioned 4 items (A+B+C+D)		The total of the aforementioned 7 items (A+B+C+D+E+F+G)	
	The Company (Note 9)	All companies shown in the financial report (note 10) I	The Company (Note 9)	All companies shown in the financial report (note 10) J
<NT\$2,000,000	Ms. Sung, Shiao-Chin; Mr. Yu, Yao-Tin; Mr. Hong, Win-Ming; Mr. Chen, Hsiu-Wei; Mr. Lu, Lih-Jeng; Mr. Huang, Jung-Hsien; Mr. Yeh, Shao-Wee; Mr. Lay, Kuen-Horn	Ms. Sung, Shiao-Chin; Mr. Yu, Yao-Tin; Mr. Hong, Win-Ming; Mr. Chen, Hsiu-Wei; Mr. Lu, Lih-Jeng; Mr. Huang, Jung-Hsien; Mr. Yeh, Shao-Wee; Mr. Lay, Kuen-Horn	Ms. Sung, Shiao-Chin; Mr. Yu, Yao-Tin; Mr. Hong, Win-Ming; Mr. Chen, Hsiu-Wei; Mr. Lu, Lih-Jeng; Mr. Huang, Jung-Hsien; Mr. Yeh, Shao-Wee; Mr. Lay, Kuen-Horn	Ms. Sung, Shiao-Chin; Mr. Yu, Yao-Tin; Mr. Hong, Win-Ming; Mr. Chen, Hsiu-Wei; Mr. Lu, Lih-Jeng; Mr. Huang, Jung-Hsien; Mr. Yeh, Shao-Wee; Mr. Lay, Kuen-Horn
NT\$2,000,000 ~ NT\$5,000,000 (exclusive)	Ms. Chou, Hsiao-Ling	Ms. Chou, Hsiao-Ling		
NT\$5,000,000 ~ NT\$10,000,000 (exclusive)	Mr. Lin, Tien-Fu	Mr. Lin, Tien-Fu	Mr. Lin, Tien-Fu Ms. Chou, Hsiao-Ling	Mr. Lin, Tien-Fu Ms. Chou, Hsiao-Ling
NT\$10,000,000 ~ NT\$15,000,000 (exclusive)				
NT\$15,000,000 ~ NT\$30,000,000 (exclusive)	Mr. Ho, Ming-Hong	Mr. Ho, Ming-Hong	Mr. Ho, Ming-Hong	Mr. Ho, Ming-Hong
NT\$30,000,000 ~ NT\$50,000,000 (exclusive)				
NT\$50,000,000 ~ NT\$100,000,000 (exclusive)				
> NT\$100,000,000				
Total	11 persons	11 persons	11 persons	11 persons

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

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

Note 3: This is the Directors' remuneration which the Board of Directors has proposed as part of last year's earnings appropriation pending shareholders' resolution.

Note 4: Refers to compensations for services rendered (including travel, special allowances, various subsidies, accommodation, corporate vehicle and other items). If houses, cars or other vehicles, or personal allowances were granted, please describe the nature and cost of assets, their rental rates calculated based on actual or fair value, and details on petrol and other subsidies. If personal drivers were allocated,

please make a footnote disclosure of the salaries made to these driver, but do not count them as part of the beneficiaries' remuneration.

Note 5: Remunerations received by directors who have also worked in the capacity as employees (including the position of President, Vice President, managers, and employees), including, salaries, subsidies, severance pay, bonus, awards, traveling subsidy, special subsidy, different forms of subsidies, accommodation, company car, and other supplies in kind. If houses, cars or other vehicles, or personal allowances were granted, please describe the nature and cost of assets, their rental rates calculated based on actual or fair value, and details on petrol and other subsidies. If personal drivers were allocated, please make a footnote disclosure of the salaries made to these driver, but do not count them as part of the beneficiaries' remuneration. Two motor vehicles at the cost of NT\$3,933 thousand. Two drivers with total remuneration of NT\$1,311 thousand.

Note 6: It refers to any employees' bonuses which the Director has received (in cash or in shares) in the latest year for taking the role of a company employee (such as General Manager, Vice President, other managers and employees). Please disclose the amount of employees' bonus proposed by the Board of Directors before the earnings appropriation was resolved during the shareholders meeting. If the amount can not be estimated, please apply last year's payout percentage as an estimate.

Note 7: It refers to the amount of exercisable shares vested in employees' warrants, which the Director has received up till the publishing date of this annual report (excluding those that were exercised), for taking the role of a company employee (such as General Manager, Vice President, other managers and employees).

Note 8: The disclosure should cover all companies included in the consolidated financial statements (including The Company); present the total amount of remuneration paid by all companies above to The Company's Directors.

Note 9: The amount of remuneration made by The Company to each Director is disclosed separately in amount ranges.

Note 10: The total amount of remunerations to each director of the Company under the consolidated financial statement (including the Company) shall be disclosed with the disclosure of the names of the directors falling in relevant brackets.

Note 11: Corporate earnings shall be the net income after taxation. If IFRS has already been adopted, corporate earnings shall be the net income after taxation of individual entities or individual financial statements.

Note 12: a. This field must state any form of remuneration the Director has received from The Company's invested businesses other than subsidiaries.

b. For Directors who receive remuneration from invested businesses other than subsidiaries, the amount of remuneration from these invested businesses should be added to column J of the Remuneration brackets table. Change the name of column J to "All invested businesses".

c. Remuneration refers to any returns, compensation, employees' bonus, professional fees etc which The Company's Directors have received for serving as directors, supervisors, or managers in invested businesses other than subsidiaries.

Note 13: Directors who have also acted as employees to the date these reports was printed (in the capacity of the President, Vice President, other managers, and employees) and the quantity of new shares from restricted employee stock options acquired.

Note 14: Yuanta Financial Holdings had Mr. Lin, Tien-Fu delegated as the representative on June 26, 2014 for the period of June 26, 2014 ~ May 22, 2015. The former representative, Mr. Lu, Lih-Jeng, was dismissed on March 27, 2014.

Note 15: The former Chairman, Mr. Ho, Ming-Hong resigned on June 17, 2014. The Company had convened the board meeting on June 26, 2014 to have Mr. Lin, Tien-Fu elected as the Chairman for the term starting on June 27, 2014.

Note 16: On June 26, 2014, the representative of Yuanta Financial Holdings Co., Ltd., Mr. Hung, Wen-Ming, was replaced by Mr. Chen, Hsiu-Wei, who began his term from June 26, 2014 to May 22, 2015.

Note 17: The former President, Mr. Lu, Lih-Jeng, resigned on April 1, 2014 and Ms. Chou, Hsiao-Ling, the former Vice Chairman, was his successor.

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

3. Remuneration to the General Manager and Vice President

Unit: NTD thousand

Title	Name	Salary (A) (Note 2)		Pension (B)		Bonuses and allowances etc (C) (Note 3)		Share of profit as an employee (D) (Note 4)				The sum of A, B, C and D as a percentage of after-tax profit (%) (Note 9)		Employee stock warrants received (Note 5)		Quantity of shares acquired through restricted employee stock option (I) (Note 11)		Remuneration from invested businesses other than the subsidiaries (Note 10)
		The Company	All companies contained in the financial report (Note 6)	The Company	All companies contained in the financial report (Note 6)	The Company	All companies contained in the financial report (Note 6)	The Company		All companies shown in the financial report (note 6)		The Company	All companies shown in the financial report (note 6)	The Company	All companies shown in the financial report (note 6)	The Company	All companies contained in the financial report (Note 6)	
								Cash bonus	Stock bonus	Cash bonus	Stock bonus							
Director co-headed General Manager	Ms. Chou, Hsiao-Ling	16,156	16,156	0	0	20,902	20,902	83	0	83	0	4.27%	4.27%	0	0	0	0	None
Executive Vice President	Mr. Kuo, Yu-Hong																	
Senior vice president	Mr. Lai, Sheng-Tang																	
Vice President	Mr. Hsu, Kuo-Chun																	
Vice President	Ms. Li, Jing-Ru																	
Vice President	Ms. Tsai, Chia-Ling																	
Vice President	Mr. Ling, Yung-Hung(resigned on 10/1/2014)																	
Vice President	Shou-Chieh Hung (resigned 2014/03/01)																	
Vice President	Chou, Yu-Cheng																	
Vice President	Mr. Kao, Yi-Jui (onboard 2014/09/01)																	
Former Director co-headed General Manager	Lih-Jeng (Onboard on 2014/4/1)																	

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

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

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

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

Note 3: Refers to other compensations such as bonuses, incentives, travel allowances, special allowances, various subsidies, accommodation, corporate vehicle or other items made to the General Manager and Vice Presidents. If houses, cars or other vehicles, or personal allowances were granted, please describe the nature and cost of assets, their rental rates calculated based on actual or fair value, and details on petrol and other subsidies. If personal drivers were allocated, please make a footnote disclosure of the salaries made to these driver, but do not count them as part of the beneficiaries' remuneration. Two motor vehicles at the cost of NT\$3,943 thousand. One driver with total remuneration of NT\$921 thousand.

Note 4: It refers to the amount of employees' bonuses to the General Manager/Vice Presidents (in cash or in shares) which the Board of Directors has proposed as part of last year's earnings appropriation, pending resolution in the shareholders meeting. If the amount can not be estimated, please apply last year's payout percentage as an estimate. Corporate earnings shall be the net income after taxation. If IFRS has already been adopted, corporate earnings shall be the net income after taxation of individual entities or individual financial statements.

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

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

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

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

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

Note 10: a. this field must state any form of remuneration the General Manager and Vice President have received from The Company's invested businesses other than subsidiaries.

b. For General Manager/Vice Presidents who receive remuneration from invested businesses other than subsidiaries, the amount of remuneration from these invested businesses should be added to column E of the Remuneration brackets table. Change the name of column E to "All invested businesses"

c. Remuneration refers to any returns, compensation, employees' bonus, professional fees etc which The Company's General Manager/Vice Presidents have received for serving as directors, supervisors, or managers in invested businesses other than subsidiaries.

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

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

5. The names of the managers who have been released with employee bonus and the status of distribution

Unit: NTD thousand; percentage

	Title (Note 1)	Name (Note 1)	Stock bonus	Cash bonus	Total	As a percentage of net profit after tax (%)
Manager	General Manager	Ms. Chou, Hsiao-Ling	0	264	264	0.03%
	Executive Vice President	Mr. Kuo, Yu-Hong				
	Vice President, Brokerage Business Division	Mr. Hsu, Kuo-Chun				
	Senior Vice President, Proprietary Trade Dept.	Mr. Lai, Sheng-Tang				
	Vice President, Foreign Institution Division	Ms. Li, Jing-Ru				
	Vice President, Domestic Institution Division	Ms. Tsai, Chia-Ling				
	Manager, Channel Service Dept.	Mr. Kao, Yi-Jui				
	Vice President, Accounting Dept.	Chou, Yu-Cheng				
	Senior Asst VP, Compliance Dept.	Chien, Lee-Ling				
	Senior Asst VP, Domestic Institution Dept.	Chang, Ching-Yee				
	Asst VP of Auditing Department	Wu, Wen-Fang				
	Senior Asst VP of Business Department	Mao, Wei-Chi				
	Asst VP, Risk Management Dept	Wu, Cheng-Kang				
	Senior Manager, Financial Department	Yuan, Liang-Huei				
	Senior Manager, IT Department	Li, Min-Lung				
	Clearing Department Manager	Song, Mo-Ju				
	Customer Service / Trading Department Manager	Mr. Hu, Chia-Hui				
	Manager of Futures Management Division	Lin, Hsuan-Hsiang				
	Manager, Foreign Institution Dept.	Chang, Chun-Hao				
	Manager of Research Department and Consulting Department	Chen, Hsu-Hung				
	Asst Vice Manager, Taipei Branch	Hao-Hsiang Chang				
	Manager, Hsinchu Branch	Wu, Sheng-Wei				
	Deputy Manager, Taichung Branch	Mr. HSIEH, Fu-Chieh				
	Asst Vice Manager, Tainan Branch	Lee, Hun-Chung				
	Manager, Kaohsiung Branch	Wang, Shi-Qing				

Note 1: Disclose individual names and titles, but their earnings distributions can be presented in aggregate sums.

Note 2: It refers to the amount of employees' bonuses to managers (in cash or in shares) which the Board of Directors has proposed as part of last year's earnings appropriation, pending resolution in the shareholders meeting. If the amount can not be estimated, please apply last year's payout percentage as an estimate. Corporate earnings shall be the net income after taxation. If IFRS has already been adopted, corporate earnings shall be the net income after taxation of individual entities or individual financial statements.

6. The names of the top 10 employee bonus receiving managers, their occupation title, and the status of distribution in 2013

Unit: NTD thousand; percentage

	Title	Name	Stock bonus	Cash bonus	Total	As a percentage of net profit after tax (%)
The top 10 employee bonus receiving persons.	Executive Vice President	Mr. Kuo, Yu-Hong	0	224	224	0.03%
	Vice President, Brokerage Business Division	Mr. Hsu, Kuo-Chun				
	Senior Vice President, Proprietary Trade Dept.	Mr. Lai, Sheng-Tang				
	Vice President, Foreign Institution Division	Ms. Li, Jing-Ru				
	Vice President, Domestic Institution Division	Ms. Tsai, Chia-Ling				
	Vice President, Accounting Dept.	Chou, Yu-Cheng				
	Senior Asst VP, Compliance Dept.	Chien, Lee-Ling				
	Senior Asst VP, Domestic Institution Dept.	Chang, Ching-Yee				
	Asst VP of Auditing Department	Wu, Wen-Fang				
	Senior Asst VP of Business Department	Mao, Wei-Chi				
	Asst VP, Risk Management Dept	Wu, Cheng-Kang				
	Senior Manager, Financial Department	Yuan, Liang-Huei				
	Senior Manager, IT Department	Li, Min-Lung				
	Clearing Department Manager	Song, Mo-Ju				
	Customer Service / Trading Department Manager	Mr. Hu, Chia-Hui				
	Manager of Futures Management Division	Lin, Hsuan-Hsiang				
	Manager, Foreign Institution Dept.	Chang, Chun-Hao				
	Manager of Research Department and Consulting Department	Chen, Hsu-Hung				
	Manager, Hsinchu Branch	Wu, Sheng-Wei				
	Manager, Kaohsiung Branch	Wang, Shi-Qing				

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

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

Unit: NTD thousand; percentage

Year	After-tax net profit	Directors' remuneration	Directors' remuneration as a percentage of after-tax net profit	General Manager's and Vice Presidents' remuneration	General Manager's and Vice Presidents' remuneration as a percentage of after-tax net profit
2013	653,867	26,870	4.11	42,216	6.46
2014	870,605	30,085	3.46	37,141	4.27

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

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

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

IV. Corporate governance

(1) Functionality of the Board of Directors

13 Board of Directors meetings (A) were held in the latest year; Directors' and Supervisors' attendance are listed below:

Title	Name (Note 1)	Actual attendance	Proxy Attendance	Percentage of actual attendance (%) [B/A] (Note 2)	Remarks
Chairman	Yuanta Financial Holdings Co., Ltd. Representative: Mr. Lin, Tien-Fu	7	0	100.00%	2014.06.26, reappointment to office Required attendance: 7
Director	Yuanta Financial Holdings Co., Ltd. Representative: Mr. Ho, Ming-Hong	13	0	100.00%	
Director	Yuanta Financial Holdings Co., Ltd. Representative: Ms. Chou, Hsiao-Ling	13	0	100.00%	
Director	Yuanta Financial Holdings Co., Ltd. Representative: Mr. Lu, Lih-Jeng	1	1	50.00%	Resigned 2014.3.27 Required attendance: 2
Director	Yuanta Financial Holdings Co., Ltd. Representative: Ms. Sung, Shiao-Chin	13	0	100.00%	
Director	Yuanta Financial Holdings Co., Ltd. Representative: Hong, Win-Ming	5	0	100.00%	Dismissal for reassignment on 2014.06.26 Required attendance: 5
Director	Yuanta Financial Holdings Co., Ltd. Representative: Mr. Yu, Yao-Tin	12	1	92.31%	
Director	Yuanta Financial Holdings Co., Ltd. Representative: Mr. Chen, Hsiu-Wei	7	0	100.00%	2014.06.26, reappointment to office Required attendance: 7
Independent Director	Mr. Lay, Kuen-Horn	13	0	100.00%	
Independent Director	Mr. Huang, Jung-Hsien	12	1	92.31%	
Independent Director	Mr. Yeh, Shao-Wee	13	0	100.00%	

Other remarks:

- I. For any items listed under Article 14-3 of the Securities Exchange Act, and other documented opposition or qualified opinions made by Independent Directors against the Board of Directors resolutions, describe the date, session, and details of the resolution, as well as all opinions made by Independent Directors and how the company has responded to Independent Directors' opinions: none.
- II. With respect to the avoidance of conflicting interest agendas, describe the names of directors, details of the relevant agendas, reasons for avoiding conflicting interest, and the voting decisions:

Board of Directors Meeting Date	Name of director	Agenda	Reasons for avoiding conflicting interests	Voting decision
January 23 2014	Director Mr. Hung, Wen-Ming; Director Mr. Yu, Yao-Ting, and Director Mr. Sung, Hsiao-Chin	Signed with the interested party, Yuanta Securities Co., Ltd. on the "Agreement of Mandate to the Futures Trading Supplementary	Director Hung, Wen-Ming, Director Hsu, Yao-Ting, and Director Sung, Hsiao-Chin were	Director Win-Ming Hong, Director Yao-Tin Yu and Director Shiao-Chin Sung are stakeholders,

		Service -Supplemental Protocol.”	also in charge of managers of the related company in the case, Yuanta Securities Co., Ltd.	and were excused from the discussion and voting to avoid the conflict of interest. All other directors present in the meeting acted in favor of the motion as stated in common consent after the inquiry of the chairman of the meeting.
February 27 2014	Director Mr. Sung, Hsiao-Chin	Proposal for lifting competition restrictions on the Company’s directors	Director, Mr. Sung, Hsiao-Chin was also in charge of the manager of the related company in the case, Yuanta Securities Co., Ltd.	Stakeholder, Director Mr. Sung, Hsiao-Chin, was excused from the discussion and votes to avoid the conflict of interest. All other directors present in the meeting acted in favor of the motion as stated in common consent after the inquiry of the chairman of the meeting.
March 27, 2014	Vice Chairman: Ms. Chou, Hsiao-Ling	This is regarding the appointment of the President for the need of business operation.	Vice Chairman Ms. Chou, Hsiao-Ling is the related party in the case.	Vice Chairman Ms. Chou, Hsiao-Ling, a stakeholder, was excused from the discussion and votes to avoid the conflict of interest. All other directors present in the meeting acted in favor of the motion as stated in common consent after the inquiry of the chairman of the meeting.
April 30, 2014	Director Mr. Hung, Wen-Ming; Director Mr. Yu, Yao-Ting, and Director Mr. Sung, Hsiao-Chin	The relevant transactions of securities issued by interested parties of trading in Proprietary Trading Department or self-regulatory objects.	Director Mr. Hung, Wen-Ming, Director Mr. Yu, Yao-Ting, and Director Mr. Sung, Hsiao-Chin were also in charge of managers of the related company in the case, Yuanta Securities Co., Ltd.	Director Win-Ming Hong, Director Yao-Tin Yu and Director Shiao-Chin Sung are stakeholders, and were excused from the discussion and voting to avoid the conflict of interest. All other directors present in the meeting acted in favor of the motion

				as stated in common consent after the inquiry of the chairman of the meeting.
May 29, 2014	Chairman of the board, Mr. Ho, Ming-Heng; Vice Chairman and General Manager Ms. Chou, Hsiao-Ling; Director Sung, Hsiao-Chin; Director Hung, Wen-Ming; Director Yu, Yao-Ting	The case of the distribution of compensation of directors submitted by the remuneration committee and relevant operation dates in 2013.	Chairman of the board, Mr. Ho, Ming-Heng; Vice Chairman and General Manager Ms. Chou, Hsiao-Ling; Director Sung, Hsiao-Chin; Director Hung, Wen-Ming; Director Yu, Yao-Ting were also in charge of the 8 th legal persons as corporate directors of the related company in the case, Yuanta Futures, and the representative person of Yuanta Financial Holdings Co., Ltd	Stakeholders, namely, Chairman Mr. Ho, Ming-Heng; Vice Chairman and General Manager Ms. Chou, Hsiao-Ling; Director Sung, Hsiao-Chin; Director Hung, Wen-Ming; Director Yu, Yao-Ting were excused from the discussion and voting to avoid the conflict of interest. All other directors present in the meeting acted in favor of the motion as stated in common consent after the inquiry of the chairman of the meeting.
	Vice Chairman and General Manager Ms. Chou, Hsiao-Ling	The donation to Yuanta Educational and Cultural Foundation amounted to NT\$3.96 million.	Vice Chairman and General Manager Ms. Chou, Hsiao-Ling is the related party in the case.	Vice Chairman and General Manager Ms. Chou, Hsiao-Ling, a stakeholder, was excused from the discussion and votes to avoid the conflict of interest. All other directors present in the meeting acted in favor of the motion as stated in common consent after the inquiry of the chairman of the meeting.
June 26, 2014	Director, Mr. Lin, Tien-Fu; Director, Mr. Chen, Hsiu-Wei; Director, Mr. Sung, Hsiao-Chin	The relevant transactions of securities issued by interested parties of trading in Proprietary Trading Department or self-regulatory objects.	Director, Mr. Lin, Tien-Fu; Director, Mr. Chen, Hsiu-Wei; Director, Mr. Sung, Hsiao-Chin were also in charge of managers of the related company in the case, Yuanta Securities Co., Ltd.	Director, Mr. Lin, Tien-Fu; Director, Mr. Chen, Hsiu-Wei; Director, Mr. Sung, Hsiao-Chin are stakeholders, and were excused from the discussion and voting to avoid the conflict of interest.

				All other directors present in the meeting acted in favor of the motion as stated in common consent after the inquiry of the chairman of the meeting.
July 24, 2014	Director, Mr. Lin, Tien-Fu	Motion for the determination of the salaries for the Chairman the Company in accordance with the Articles of Incorporation of the Company.	Director, Mr. Lin, Tien-Fu is the related party in the case.	Stakeholder, Director, Mr. Lin, was excused from the discussion and votes to avoid the conflict of interest. All other directors present in the meeting acted in favor of the motion as stated in common consent after the inquiry of the chairman of the meeting.
Augu 25, 2014	Board Director Ho, Ming-Hong, Board Director Yu, Yao-Ting and Board Director Sung, Hsiao-Chin	The relevant transactions of securities issued by interested parties of trading in Proprietary Trading Department or self-regulatory objects.	Director, Mr. Ho, Ming-Heng; Director Mr. Yu, Yao-Ting, and Director Mr. Sung, Hsiao-Chin were also in charge of director (chairman) or managers of the related company in the case, Yuanta Securities Co., Ltd.	Director, Mr. Ho, Ming-Heng, Director, Mr. Yu Yao-Tin and Director, Mr. Sung, Shiao-Chin are stakeholders, and were excused from the discussion and voting to avoid the conflict of interest. All other directors present in the meeting acted in favor of the motion as stated in common consent after the inquiry of the chairman of the meeting.
October 30, 2014	Director, Mr. Ho, Ming-Heng and Director Mr. Sung, Hsiao-Chin	This is regarding the matter of cancelling the lease of some of the sites at the Headquarters.	Director, Mr. Ho, Ming-Heng; and Director Mr. Sung, Hsiao-Chin were also in charge of director (chairman) or managers of the related company in the case, Yuanta Securities Co., Ltd.	Director, Mr. Ho, Ming-Heng, and Director, Mr. Sung, Shiao-Chin are stakeholders, and were excused from the discussion and votes to avoid the conflict of interest. All other directors present in the meeting acted in favor of the motion as stated in common consent after the inquiry of

				the chairman of the meeting.
	Board Director Ho, Ming-Hong, Board Director Yu, Yao-Ting and Board Director Sung, Hsiao-Chin	The relevant transactions of securities issued by interested parties of trading in Proprietary Trading Department or self-regulatory objects.	Director, Mr. Ho, Ming-Heng; Director Mr. Yu, Yao-Ting, and Director Mr. Sung, Hsiao-Chin were also in charge of director (chairman) or managers of the related company in the case, Yuanta Securities Co., Ltd.	Director, Mr. Ho, Ming-Heng, Director, Mr. Yu Yao-Tin and Director, Mr. Sung, Shiao-Chin are stakeholders, and were excused from the discussion and voting to avoid the conflict of interest. All other directors present in the meeting acted in favor of the motion as stated in common consent after the inquiry of the chairman of the meeting.
	Board Director Ho, Ming-Hong, Board Director Yu, Yao-Ting and Board Director Sung, Hsiao-Chin	This is regarding the trade of securities and the use of proprietary funds for trading the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject.	Director, Mr. Ho, Ming-Heng; Director Mr. Yu, Yao-Ting, and Director Mr. Sung, Hsiao-Chin were also in charge of director (chairman) or managers of the related company in the case, Yuanta Securities Co., Ltd.	Director, Mr. Ho, Ming-Heng, Director, Mr. Yu Yao-Tin and Director, Mr. Sung, Shiao-Chin are stakeholders, and were excused from the discussion and voting to avoid the conflict of interest. All other directors present in the meeting acted in favor of the motion as stated in common consent after the inquiry of the chairman of the meeting.
November 27, 2014	Independent Director, Mr. Huang, Jung-Hsien; Director, Mr. Ho, Ming-Heng, and Director, Mr. Sung, Shiao-Chin	This is regarding the matter of changing the lease of some of the sites at the Headquarters.	Independent Director, Mr. Huang, Jung-Hsien; Director, Mr. Ho, Ming-Heng; and Director Mr. Sung, Hsiao-Chin were also in charge of independent director; director (chairman) or managers of the related company in the case, Yuanta Securities Co., Ltd.	Independent Director, Mr. Huang, Jung-Hsien; Director, Mr. Ho, Ming-Heng, and Director, Mr. Sung, Shiao-Chin are stakeholders, and were excused from the discussion and votes to avoid the conflict of interest. All other directors present in the

				meeting acted in favor of the motion as stated in common consent after the inquiry of the chairman of the meeting.
	Independent Director, Mr. Huang, Jung-Hsien; Director, Mr. Ho, Ming-Heng; Director, Mr. Yu, Yao-Ting; and Director, Mr. Sung, Shiao-Chin	Re-signing with the interested party, Yuanta Securities Co., Ltd. on the "Agreement of Mandate to the Futures Trading Supplementary Service" and "addendum".	Independent Director, Mr. Huang, Jung-Hsien; Director, Mr. Ho, Ming-Heng; Director Yu, Yao-Ting and Director Mr. Sung, Hsiao-Chin were also in charge of independent director; director (chairman) or managers of the related company in the case, Yuanta Securities Co., Ltd.	Independent Director, Mr. Huang, Jung-Hsien; Director, Mr. Ho, Ming-Heng; Director Yu, Yao-Ting and Director Mr. Sung, Hsiao-Chin are stakeholders, and were excused from the discussion and votes to avoid the conflict of interest. All other directors present in the meeting acted in favor of the motion as stated in common consent after the inquiry of the chairman of the meeting.
	Independent Director, Mr. Huang, Jung-Hsien; Director, Mr. Ho, Ming-Heng; Director, Mr. Yu, Yao-Ting; and Director, Mr. Sung, Shiao-Chin	Re-signing with the interested party, Yuanta Securities Co., Ltd. on the "Agreement of Mandate to the Futures Trading Supplementary Service" and "Commission agreement".	Independent Director, Mr. Huang, Jung-Hsien; Director, Mr. Ho, Ming-Heng; Director Yu, Yao-Ting and Director Mr. Sung, Hsiao-Chin were also in charge of independent director; director (chairman) or managers of the related company in the case, Yuanta Securities Co., Ltd.	Independent Director, Mr. Huang, Jung-Hsien; Director, Mr. Ho, Ming-Heng; Director Yu, Yao-Ting and Director Mr. Sung, Hsiao-Chin are stakeholders, and were excused from the discussion and votes to avoid the conflict of interest. All other directors present in the meeting acted in favor of the motion as stated in common consent after the inquiry of the chairman of the meeting.
December 23, 2014	Independent Director, Mr. Huang, Jung-Hsien; Director, Mr. Ho, Ming-Heng; Director, Mr. Yu, Yao-Ting; and	Re-signing with the interested party, Yuanta Securities Co., Ltd. on the "Agreement of Mandate to the Futures Trading Supplementary Service" and	Independent Director, Mr. Huang, Jung-Hsien; Director, Mr. Ho, Ming-Heng; Director Yu,	Independent Director, Mr. Huang, Jung-Hsien; Director, Mr. Ho, Ming-Heng; Director Yu,

	Director, Mr. Sung, Shiao-Chin	“addendum”.	Yao-Ting and Director Mr. Sung, Hsiao-Chin were also in charge of independent director; director (chairman) or managers of the related company in the case, Yuanta Securities Co., Ltd.	Yao-Ting and Director Mr. Sung, Hsiao-Chin are stakeholders, and were excused from the discussion and votes to avoid the conflict of interest. All other directors present in the meeting acted in favor of the motion as stated in common consent after the inquiry of the chairman of the meeting.
	Chairman, Mr. Lin, Tien-Fu and Director, Ms. Chou, Hsiao-Ling	The revision of part of the “Regulation Governing Prices and Awards” of the Company.	Chairman, Mr. Lin, Tien-Fu and Director, Ms. Chou, Hsiao-Ling were also in charge of Chairman and General Manager of the related company in the case, Yuanta Securities Co., Ltd.	Chairman, Mr. Lin, Tien-Fu and Director, Ms. Chou, Hsiao-Ling are stakeholders, and were excused from the discussion and votes to avoid the conflict of interest. All other directors present in the meeting acted in favor of the motion as stated in common consent after the inquiry of the chairman of the meeting.
January 29, 2015	Independent Director, Mr. Huang, Jung-Hsien; Director, Mr. Ho, Ming-Heng; Director, Mr. Yu, Yao-Ting; and Director, Mr. Sung, Shiao-Chin	The relevant transactions of securities issued by interested parties of trading in Proprietary Trading Department or self-regulatory objects.	Independent Director, Mr. Huang, Jung-Hsien; Director, Mr. Ho, Ming-Heng; Director Yu, Yao-Ting and Director Mr. Sung, Hsiao-Chin were also in charge of independent director; director (chairman) or managers of the related company in the case, Yuanta Securities Co., Ltd.	Independent Director, Mr. Huang, Jung-Hsien; Director, Mr. Ho, Ming-Heng; Director Yu, Yao-Ting and Director Mr. Sung, Hsiao-Chin are stakeholders, and were excused from the discussion and votes to avoid the conflict of interest. All other directors present in the meeting acted in favor of the motion as stated in common consent after the inquiry of the chairman of the meeting.

	Independent Director, Mr. Huang, Jung-Hsien; Director, Mr. Ho, Ming-Heng; Director, Mr. Yu, Yao-Ting; and Director, Mr. Sung, Shiao-Chin	This is regarding the trade of securities and the use of proprietary funds for trading the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject.	Independent Director, Mr. Huang, Jung-Hsien; Director, Mr. Ho, Ming-Heng; Director Yu, Yao-Ting and Director Mr. Sung, Hsiao-Chin were also in charge of independent director; director (chairman) or managers of the related company in the case, Yuanta Securities Co., Ltd.	Independent Director, Mr. Huang, Jung-Hsien; Director, Mr. Ho, Ming-Heng; Director Yu, Yao-Ting and Director Mr. Sung, Hsiao-Chin are stakeholders, and were excused from the discussion and votes to avoid the conflict of interest. All other directors present in the meeting acted in favor of the motion as stated in common consent after the inquiry of the chairman of the meeting.
	Independent Director, Mr. Huang, Jung-Hsien; Director, Mr. Ho, Ming-Heng; Director, Mr. Yu, Yao-Ting; and Director, Mr. Sung, Shiao-Chin	This is regarding the use of proprietary funds for trading the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject.	Independent Director, Mr. Huang, Jung-Hsien; Director, Mr. Ho, Ming-Heng; Director Yu, Yao-Ting and Director Mr. Sung, Hsiao-Chin were also in charge of independent director; director (chairman) or managers of the related company in the case, Yuanta Securities Co., Ltd.	Independent Director, Mr. Huang, Jung-Hsien; Director, Mr. Ho, Ming-Heng; Director Yu, Yao-Ting and Director Mr. Sung, Hsiao-Chin are stakeholders, and were excused from the discussion and votes to avoid the conflict of interest. All other directors present in the meeting acted in favor of the motion as stated in common consent after the inquiry of the chairman of the meeting.

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

1. The Company formulated the “Rules for the Conduct of Directors Meetings” in accordance with the Competent Authority’s regulation, including the content of meetings, procedures, matters to be recorded in the meeting minutes, public announcement, and other matters for compliance, which shall follow the rules. The Company also formulated relevant measures of the corporate governance and disclosed them on the Company’s website and the Market Observation Post System.
2. As required by the competent authority, the Company shall establish a Remuneration Committee by the end of 2011. The Board of the Company has resolved on November 24 2011 to establish the Remuneration Committee and has established the “The Organizational Code of the Remuneration Committee”.
3. The Board of the Company has resolved on May 23 2012 to establish the Auditing Committee and has established the “Organizational Code of the Auditing Committee”.
4. The Company not only arranged self-audit on a regular basis for its directors, the board, and the audit

committee to enhance the efficiency and effectiveness of its operation, but also submitted to the audit committee and the board a report on actions taken by personnel of self-audit, legal compliance, and risks management to be consistent with the provisions of the Competent Authority.

5. The Company has appointed designated personnel to disclose relevant information and materiality as required by the competent authority in Chinese and English in MOPS for announcement. In addition, the Company has also disclosed the continuing education of the directors and independent directors, their attendance to Board meetings, Audit Committees, Remuneration Committee, and remunerations in MOPS.

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

Note 2:(1) The date of resignation must be specified for Directors or Supervisors who had resigned prior to the close of the financial year. The percentage of actual attendance (%) should be calculated based on the number of Board of Directors meeting held during active duty and the number of actual attendance.

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

(2) The operation of the Auditing Committee:

The Auditing Committee has convened for 15 times in the most recent year (A). The attendance of the independent directors is shown below:

Title	Name	Actual attendance (B)	Proxy Attendance	Actual attendance (%) (B/A) (Note)	Remarks
Independent Director	Mr. Lay, Kuen-Horn	15	0	100.00%	The convener of the meeting
Independent Director	Mr. Huang, Jung-Hsien	15	0	100.00%	
Independent Director	Mr. Yeh, Shao-Wee	15	0	100.00%	

Other remarks:

- I. On issues stated in Article 14-5 of the Securities and Exchange Act and issues not passed by the Auditing Committee by passed by a two-third majority of all directors, the date of Board session, the term of the Board, the content of the motions, the resolutions of the Auditing Committee, and the opinions of the Auditing Committee: None.
- II. With respect to the avoidance of conflicting interest agendas, describe the names of independent directors, details of the relevant agendas, reasons for avoiding conflicting interest, and the voting decisions:

Auditing Committee dates	Name of Committee	Agenda	Reasons for avoiding conflicting interests	Voting decision
December 17, 2014	Independent Director, Mr. Huang, Jung-Hsien	Re-signing with the interested party, Yuanta Securities Co., Ltd. on the "Agreement of Mandate to the Futures Trading Supplementary Service" and "addendum".	Independent Director, Mr. Huang, Jung-Hsien was also in charge of the Independent Director of the related company in the case, Yuanta Securities Co., Ltd.	Mr. Rongxian Huang, the independent director and stakeholder, had himself excused from participating in the discussions and voting. The remaining attending directors had the proposal approved and presented to the board of directors for a resolution.

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

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

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

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
I. Will the Company based on the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" set up and disclose the Company's corporate governance best-practice principles?	V		<p>1. The Company has created its corporate governance principles based on the "Corporate Governance Principles for TSE/GTSM Listed Companies" and the "Corporate Governance Best-Practice Principles for Futures Commission Merchants", and shall be implemented once approved by the board of directors.</p> <p>2. Additionally, the Company formulated the relevant chapter of corporate governance as required by regulations and implemented following the Company's system. Other operations are also in compliance with relevant laws and regulations.</p>	There is no difference detected.
<p>II. Shareholding structure and shareholders' equity</p> <p>(1) Will the Company have the internal procedures regulated to handle shareholders' proposals, doubts, disputes, and litigation matters; also, have the procedures implemented accordingly?</p>	V		<p>(1) 1. Matters of the shareholders previously handled by the spokesman, acting spokesman, and share transfer and registration staff of the Company shall be handled by related personnel, including the suggestions of or dispute with the shareholders, as the Company has designated a "corporate governance" special zone at the official website for feeding the shareholders with related information. There is also a shareholders contact window and customer service mail box through which shareholders may request for related services via telephone or e-mail.</p> <p>2. The Company intends to have the matters that have come through the Customer Service Mailbox handled in accordance with the "Customer Complaints Act Enforcement Rules."</p> <p>(2) The Company has set up a designated body for tracking the list of the</p>	There is no difference detected.

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
(2) Will the Company possess the list of the Company's major shareholders and the list of the ultimate controllers of the major shareholders?	V		dominant shareholders and the final shareholders of the dominant shareholders. In addition, the Company also apply with the Central Depository of Securities for the list of shareholders basing on the result after transactions have been made, and the declaration with the status of share transfer by the insiders of the Company in each month in order to keep track on the holding of shares by the shareholders.	
(3) Will the Company establish and implement the risk control and firewall mechanisms with the related parties?	V		<p>(3)1. The Company and the subsidiaries are independent of one another in financial and business transactions.</p> <p>2. To strengthen the financial business among the affiliated enterprises and to prevent Non-arm's Length Transaction or conveyance of unjust interests among transactions between affiliated enterprises, acquiring or disposal of assets, and Lending of Capital. Therefore, to formulate the "Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises" and "Rules Governing General Authorization for transactions Other Than Credit Extension with Interested Parties Mentioned in Article 45 of Financial Holding Company Act" in accordance with the Company's Article 12 of "Corporate Governance Best-Practice Principles" for full implementation of risk management policies and firewalls.</p> <p>3. The Company has established a Risk Management Department which shall be responsible for the overall risk management, control, supervision, and enforcement.</p> <p>(4) The Company has the "Procedures for Handling Material Insider Information" regulated to prohibit insiders from utilizing the undisclosed information to trade securities.</p>	
	V			

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
(4) Will the Company set up internal norms to prohibit insiders from utilizing the undisclosed information to trade securities?				
III. The constitution and obligations of the board of directors (1) Will the Board of Directors have diversified policies regulated and implemented substantively according to the composition of the members?	V		(1)1. The Company intends to have matters handled in accordance with the “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.” The composition of board members should be diversified. Appropriate and diversified policies should be drafted for the business operations, business patterns and development needs, of which, the diversification should include but not be limited to the standards with the following two aspects: Basic conditions and values (including gender, age, nationality, and culture) and professional knowledge and skills (including professional background of law, accounting, industry, finance, marketing or technology), professional skills and industry experience. 2. The Board of Directors of the Company is formed by nine directors with professional backgrounds and extensive experience in financial industry; also, there are three independent directors out of the nine directors. The Directors (including independent directors) elections of the Company are held in accordance with a nomination system. Shareholders who have over 1% shareholdings and the board of directors may propose the list of nominees for directors for the review	There is no difference detected.

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
(2) Will the Company, in addition to setting the Remuneration Committee and Audit Committee lawfully, have other functional committee set up voluntarily?	V		<p>of the board of directors and with the qualified candidates presented in the shareholders' meeting to be elected by the shareholders.</p> <p>(2) A resolution for setting up the Company's Remuneration Committee was reached in the board meeting on November 24, 2011 and the Audit Committee on May 23, 2012. The said two committees were formed by three independent directors that are currently operating well. In addition to attending the routine meetings, the Company's independent directors often work with the management and department heads to study corporate governance, understand the Company's relevant financial, accounting, regulatory compliance, audit, and risk management operations in good faith with proper care, and fulfill duties; therefore, currently there is no need to set up other functional committees.</p> <p>(3) The Company has the "Procedures for the Board Directors and Board of Directors Self-Evaluation" regulated. The practice of self-evaluation is arranged at the end of each year; also, the self-evaluation results and improvement plans are reported in the board meeting.</p>	
(3) Will the Company have the performance evaluation rules and methods for the Board of Directors regulated and have the performance evaluation performed regularly every year?	V		<p>(4)1. Auditors' independence is subject to review on a yearly basis. Apart from the contracted audit services, The Company has no other relationships with its auditors.</p> <p>2. In addition, the Company has the "Declaration of Independence" and the contract of the commissioned auditors and the CPA Firm presented in the board meeting for a resolution annually.</p>	
(4) Will the Company have the				

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
independence of the public accountant evaluated regularly?				
IV. Has the Company established a communication channel for the stakeholders, set the stakeholder column on the Company's website, and responded to the stakeholders regarding their concerns over corporate social responsibilities?	V		<p>(1) The Company has Spokesperson and Deputy Spokesperson to establish communication with its stakeholders. In addition, The Company's Internal Audit, Financial Department, Customer Service / Trading Department etc may also contact stakeholders to address specific issues. All legal disputes are handled by the Compliance Department.</p> <p>(2) The Company has established the channels for hearing suggestions and complaints in order to vitalize the monitoring function of the Board. Suggestions and complaints on major shortcomings, corruption, and bribery and relate crimes, or positive suggestions on the operation and management, or development of the Company through these channels will be received and responded to. These help to enhance the communications between the Company and the stakeholders. There is also the "Suggestions and Complaints Mail Box" established in the official website of the Company, a toll-free customer service hotline(0800-333-338) and customer service mail box, which help to facilitate communications.</p> <p>(3) In addition, the stakeholder column is to be added this year in order to handle and respond to their concerns.</p>	There is no difference detected.
V. Has the Company commissioned a professional stock service agent to handle shareholders affairs?	V		The Company has appointed Yuanta Securities Co., Ltd., a professional stock service agent, to handle shareholders affairs.	There is no difference detected.
VI. Disclosure of information (1) Does the Company have a	V		(1) The "Corporate Governance" Zone of the Company's official website	There is no difference

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
<p>website setup and the financial business and corporate governance information disclosed?</p> <p>(2) Has the Company adopted other information disclosure methods (such as, establishing an English website, designating a responsible person for collecting and disclosing information of the Company, substantiating the spokesman system, placing the juristic person seminar program on the Company's website, etc.)?</p>	V		<p>contains the information on financial position and operation, information on General Meeting in English, institutional investors conferences, and the information on corporate governance. Please visit http://www.yuantafutures.com.tw/</p> <p>(2)1. The Company and the subsidiaries have also disclosed all relevant information onto the Market Observation Post System as required by the competent authority. These two tasks are being handled by dedicated personnel.</p> <p>2. The Company has established the spokesman and acting spokesman system as required. Inquiry can be made by visiting the "Corporate Governance" Zone of the official website or at MOPS of TWSE.</p>	detected.
<p>VII. Are there any other important information (including but not limited to the interests of employees, employee care, investor relations, supplier relations, the rights of stakeholders, the advanced study of directors and supervisors, the implementation of risk management policies and risk</p>	V		<p>(1) Employees' rights and care to employees:</p> <p>1(1).For regulating the conduct of the employees , the Company has instituted the "Working Guidelines" (including work discipline, employment relation, salaries, work hours, day off, taking different forms of leave, promotion and rotation of duties, performance evaluation, reward and punishment, retirement, compensation and pension for occupational injuries, fringe benefits, safety and health, labor-management communication and cooperation), the "Code of Conduct" (including the ethnic code, team spirit and the principle of integrity, the principle of</p>	There is no difference detected.

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
measurement standards, the execution of customer policy, the purchase of liability insurance for the Company's directors and supervisors) that are helpful in understanding the corporate governance operation of the Company?			<p>fair employment and prohibition of discrimination, a safe and healthy work environment, the respect of privacy and the prohibition of rumor dissemination, confidentiality, accuracy in documented data and retention obligation, protection of company assets, fair trade and treatment, prohibition of illicit benefits including gifts and bribes, fair and true presentation of transactions, respect the intellectual property rights of third parties, the restriction in participation in political parties and activities, prohibition of affecting the political party affiliation of the others, compliance with applicable legal rules, obligation to inform and report, procedure for punishment and remedy, procedure for the practice of exemption, methods of disclosure, and implementation). In addition, the Company has also established the employees' regulations. The "Code of Conduct" will be posted at the intranet and official website of the Company while all other internal regulations and codes will be posted at the intranet of the Company. The regulations shall be duly enforced to protect the rights and privileges of the employees.</p> <p>(2) In order to implement proper practices in handling material insider information, and maintaining secrecy throughout the process to avoid misleading investors' decisions which might otherwise compromise The Company's reputations or cause extreme share price movements, the Board of Directors had agreed to implement a new set of "Material Insider Information Procedures" during the meeting held in January 2010. Managers and employees had already been informed regarding these new rules, and the details of which are available</p>	

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
			<p>on the corporate website and Intranet to ensure proper handling of material insider information.</p> <p>(3) Entrance code is strictly enforced at workplace and areas concerning the safety of the employees so that all employees can have a safe and suitable work environment. The passages to, the floor, staircase of the workplace, or related ventilation, light source, lighting, fire safety, emergency measures, and related equipment for employee safety and health shall be subject to routine inspection and maintenance annually. The compensation for occupational injuries and related insurance coverage is explicitly stated in the “Working Guidelines” and is posted at the intranet of the Company.</p> <p>2. In addition to group insurance, the Company has employee shareholding trust, physical examination and healthcare and other resources for the concern and care of the employees.</p> <p>3. The Company has established the Employee Welfare Committee. This Committee is responsible for the fringe benefits of the employees and hold meetings at any time as needed. In addition, the committee also holds labor-management coordination meetings quarterly.</p> <p>4. The Company installed a hotline and email address to take complaints and suggestions from employees.</p> <p>5. The Company calls for business meetings daily, and management meeting weekly. All functional departments will call for cross-function meetings as dictated by business needs for coordination and communications among the departments.</p> <p>(2) Investor relations, supplier relations, and stakeholders' interests:</p>	

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
			<ol style="list-style-type: none"> 1. Currently, the spokesman, acting spokesman, and the share transfer and registration staff are responsible for handling matters related to the investors. There is the suggestion and complaints mail-box and customer service mail box established at the official website of the Company. In addition, there is also a toll-free customer service hotline (0800-333-338) so that shareholders and investors may give suggestion and bring up queries through these channels. There is a Q&A zone for the shareholder in the “Corporate Governance” zone of the official website of the Company for fortifying the protection of the rights and privileges of the shareholders. 2. The Company has established the “Corporate Governance Best-Practice Principles”, “Guidelines for Transactions with Stakeholders”, and “Regulation Governing the Full Power of Attorney to Stakeholders Beyond Lending” which explicitly stated the content of related rights and privileges. 3. The Company has Spokesperson and Deputy Spokesperson to establish communication with its stakeholders. In addition, The Company's Internal Audit, Financial Department, Customer Service / Trading Department etc may also contact stakeholders to address specific issues. All legal disputes are handled by the Compliance Department. 4. Special columns on topics of the treasury, shareholders, and the operation of the Board and internal control of the Company were set up in the “Corporate Governance” zone of the Company website for the reference of the investors and stakeholders. 5. The Company deals with suppliers in accordance with the 	

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies																							
	Yes	No	Summary description																								
			<p>“Ethical Corporate Management Best Practice Principles for Yuanta Financial Holdings,” including considering the legality of the counterparty and whether there is any fraud committed; also, avoiding any business transactions with any counterparty with any fraud committed and conducting business activities in a fair and transparent manner.</p> <p>(3) Directors' on-going education: Information regarding Directors' on-going education in the fields of corporate governance, finance, business, commerce, accounting, or legal subjects have already been disclosed on the "Corporate Governance Section of the Market Observation Post System" (http://mops.twse.com.tw/index.htm). In addition, the Company’s board of directors resolved on May 23, 2012 to establish an audit committee to take the place of supervisors. Continuing education of the directors in 2014:</p> <table><thead><tr><th rowspan="2">Title</th><th rowspan="2">Name</th><th colspan="2">Training date</th><th rowspan="2">Organizer</th><th rowspan="2">Course name</th><th rowspan="2">Training hours</th></tr><tr><th>Start</th><th>End</th></tr></thead><tbody><tr><td>Independent Director</td><td>Mr. Lay, Kuen-Horn</td><td>2014/07/10</td><td>2014/07/10</td><td>Taiwan Securities Association</td><td>Introduction of the latest tax laws and regulations that are of concern to all enterprises</td><td>3</td></tr><tr><td>Independent Director</td><td>Mr. Huang, Jung-Hsien</td><td>2014/07/10</td><td>2014/07/10</td><td>Taiwan Securities Association</td><td>Introduction of the latest tax laws and regulations that are of concern to all enterprises</td><td>3</td></tr></tbody></table>	Title	Name	Training date		Organizer	Course name	Training hours	Start	End	Independent Director	Mr. Lay, Kuen-Horn	2014/07/10	2014/07/10	Taiwan Securities Association	Introduction of the latest tax laws and regulations that are of concern to all enterprises	3	Independent Director	Mr. Huang, Jung-Hsien	2014/07/10	2014/07/10	Taiwan Securities Association	Introduction of the latest tax laws and regulations that are of concern to all enterprises	3	
Title	Name	Training date				Organizer	Course name				Training hours																
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Independent Director	Mr. Lay, Kuen-Horn	2014/07/10	2014/07/10	Taiwan Securities Association	Introduction of the latest tax laws and regulations that are of concern to all enterprises	3																					
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Assessment items	Actual governance								Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies	
	Yes	No	Summary description							
			Independent Director	Mr. Yeh, Shao-Wee	2014/04/11	2014/04/11	Taiwan Securities Association	Analysis of the most recent amendments to the Company Law and the controversial issues	3	
			Corporate Director representative	Mr. Lin, Tien-Fu	2014/08/25	2014/08/25	Securities and Futures Development Foundation	The “Corporate Management and Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies” seminar	3	
			Corporate Director representative	Mr. Ho, Ming-Hong	2014/07/10	2014/07/10	Taiwan Securities Association	Introduction of the latest tax laws and regulations that are of concern to all enterprises	3	
			Corporate Director representative	Ms. Chou, Hsiao-Ling	2014/08/25	2014/08/25	Securities and Futures Development Foundation	The “Corporate Management and Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies” seminar	3	
			Corporate Director representative	Ms. Sung, Shiao-Chin	2014/09/18	2014/09/18	Securities and Futures Development Foundation	The “Corporate Management and Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies” seminar	3	
			Corporate Director	Mr. Yu, Yao-Tin	2014/09/18	2014/09/18	Securities and Futures	The “Corporate Management and	3	

Assessment items	Actual governance							Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies	
	Yes	No	Summary description						
			representative				Development Foundation	Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies” seminar	
			Corporate Director representative	Mr. Chen, Hsiu-Wei	2014/09/09	2014/09/09	Securities and Futures Development Foundation	The “Corporate Management and Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies” seminar	3
	Note 1: It means whether the Directors and Supervisors have complied with the training hours, coverage, method, and disclosure required by the "Guidelines for Promoting Continuing Education to Directors and Supervisors of Public Listed Companies". (4) Risk management policies and risk assessment standards: 1. The risk management of the Company is pursued in accordance with the risk management policy of the financial holding parent and the requirements of “Risk Management Best-Practice Principles for Commission Futures Merchants” of TSEC. The Company has established the “Yuanta Futures Risk Management Policy” that has been approved by the Board whereby the objective, scope, authority and responsibility of risk management system of the Company have been explicitly stated. This shall be the supreme guideline for the enforcement of risk management. 2. The risk management procedure of the Company is divided into 4 steps, namely, risk identification, risk assessment, risk management, and risk reporting. The purpose of the design of								

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
			<p>risk management procedure is to ensure all risks internal to the Company can be effectively managed.</p> <p>(a) Risk identification: the Company identifies its risk mainly through business or product analysis whereby the risks confronting the operation of the Company, including market risk, credit risk, liquidity risk, operation risk, legal risk and model risk, can be identified. Relevant risks factors were identified by sources of risks basing on which appropriate risk assessment methods were selected for determining suitable risk indicators and standards, risk control procedure and integration with the internal control system.</p> <p>(b) Risk assessment: the Company adopted the VaR model and sensitivity analysis models for the assessment of market risk, the credit rating systems, option pricing model (e.g., KMV), and the credit risk rating system of the group for the assessment of credit risk, the establishment of standard operation procedure, the review of SOP currently running, operation risk tools (e.g., operation risk self-inspection, the review of externality and internal process, and internal reporting on loss) and related means for the assessment of operation risk.</p> <p>(c) Risk management: the risk monitoring and management of the Company is pursued through the design of management tools, the proper enforcement of the limits, and the assignment of authority and responsibilities. Different management tools, risk management information systems and reports have been designed by the nature of different</p>	

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
			<p>risks. Through the proper use of management tools, the Company can enhance the efficiency and upgrade the quality of risk management, to the extent that risk monitoring and management can be pursued as substantive procedure and can be duly observed.</p> <p>(d) Risk report: The result of risk management is manifested in the forms of risk management report, routine disclosure of risks, and risk management execution report. Such information helps the senior management to map out relevant policy and pursue timely risk management.</p> <p>(e) Implementation of the customer or consumer protection policy: The trade dispute and litigation process is regulated in the Company's internal control systems with the free customer service hotline (0800-333-338), Customer Service Mailbox, and suggestions and complaints mailbox available to serve. The Customer Service Department, auditors, and regulatory compliance personnel together are responsible for handling complaints and matters related to the interests of customers.</p> <p>(f) Insurance against directors' liabilities: The Company has already purchased liability insurances for its directors, independent directors and managers; this year's coverage lasts 2014/4/2 - 2015/4/2.</p>	
VIII. Does the Company have a corporate governance self-assessment report prepared or a corporate governance assessment	V		<p>1. The Company had passed the "CG6006 General Corporate Governance System Assessment and Certification" in December 2011 by the Taiwan Corporate Governance Association and the certificate was valid up to 12/13/2013. However, the GTSM had the Company informed in writing</p>	There is no difference detected.

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
report issued by the commissioned professional institutions? (If yes, please state the opinion of the board of directors, the self-assessment or outsourcing evaluation results, the main non-conformity or suggestion and implementation of improvement)			<p>in 2012 that the over the counter companies are no longer required to go through the corporate governance system assessment every two (three) years; therefore, the Company did not apply for the assessment continuously.</p> <p>2. In addition, the Company has a responsible person designated for the corporate governance self-assessment report, regular review and improvement.</p>	

- (4) The foundation, responsibilities, and functionality of the Remuneration Committee
- The 1st Remuneration Committee of the Company has been passed by the Board in a session held on November 24 2011. This committee is consisted of all independent directors of the Company. In addition, the Company has also passed the Organizational Code of the Remuneration Committee. Owing to its corporate merger, the Board has been resolved (including the 3 independent directors) in 2012 with the election of a new Board. As required, the Board resolved the motion of appointing Independent Director Mr. Huang, Jung-Hsien, Mr. Yeh, Shao-Wee and Mr. Lay, Kuen-Horn of the 8th Board of Directors as members of the 8th (the same as the term of the Board) Remuneration Committee. The tenure of the committee members shall be identical with the independent directors, which covers the period of June 15 2012 to May 22 2015. Other information is shown below:

1. Profiles of the members of the Remuneration Committee

Identity (Note 1)	Qualification	Having more than 5 years work experience and professional qualifications listed below			Compliance of independence (Note 2)								Number of other public companies where the members are also the members of the remuneration committee of these companies.	Remarks (Note 3)
		Lecturer (or above) of commerce, law, finance, accounting, or any subjects relevant to the company's operations in a public or private tertiary institution	Certified judge, attorney, lawyer, accountant, or holders of professional qualification relevant to the company's operations	Commercial, legal, financial, accounting or other work experience s required to perform the assigned duties	1	2	3	4	5	6	7	8		
Independent Director	Mr. Huang, Jung-Hsien	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	2	The convener of the meeting
Independent Director	Mr. Lay, Kuen-Horn	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3	
Independent Director	Mr. Yeh, Shao-Wee	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	

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

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

- (1) Not employed by the company or any of its affiliated companies.
- (2) Not a director or supervisor of the Company or its affiliates Except the capacity as independent director of the Company, the parent, or subsidiaries where the Company held more than 50% of the direct or indirect voting shares.
- (3) Does not hold more than 1% of the company's outstanding shares in his/her own name or under the name of spouse, underage children, or any other person; nor is any party listed herein one of the ten largest natural person shareholders of the company.
- (4) Not a spouse, relative of second degree, or direct kin of third degree or closer to persons described in criteria 1~3.
- (5) Not a director, supervisor, or employee of the company's corporate shareholder holding more than 5% of the company's outstanding capital; nor a director, supervisor, or employee to any of the top 5 corporate shareholders.
- (6) Not a director, supervisor, manager, or shareholder with more than 5% ownership interest in any company or institution that has financial or business relationship with the company.

- (7) Not a professional, business owner, partner, director, supervisor, or manager of any sole-proprietorship, partnership, company, or institution providing commercial, legal, financial, or accounting services or consultations to the company or any of its affiliated companies; nor a spouse to anyone listed herein.
- (8) Does not meet any descriptions stated in Article 30 of The Company Act.

Note 3: If the member is a director, specify if it is in compliance with the requirements of Article 6-5 of the “Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter”.

2. The duties of the Remuneration Committee

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

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

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

3. Information on the operation of the Remuneration Committee

- (1) The Remuneration Committee of the Company is consisted of 3 persons.
- (2) The tenure of current members of the committee: June 15 2012 to May 22 2015. The committee has held 5 sessions lately (A). The qualification of the members and attendance to meetings are shown below:

Title	Name	Actual attendance (B)	Proxy Attendance	Percentage of actual attendance (%) (B/A) (Note)	Remarks
Convener	Mr. Huang, Jung-Hsien	6	0	100.00%	
Members	Mr. Lay, Kuen-Horn	6	0	100.00%	
Members	Mr. Yeh, Shao-Wee	6	0	100.00%	

Other remarks:

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

Note:

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

(5) Fulfillment of social responsibilities:

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies
	Yes	No	Summary description	
I. Implementation of sound corporate governance				There is no difference detected.
(1) Does the Company have the CSR policies or systems established and the implementation effect reviewed?	V		(1) The Company is one of Yuanta Financial Holdings' members. Yuanta Financial Holdings had formulated "Corporate Social Responsibility Best Practice Principles" and "Corporate Social Responsibility Policies and Management Rules" and posted the guidelines at the intranet of the Company in order for all corporate members of our group including the Company to comply.	
(2) Does the Company have the CSR education and training arranged on a regular basis?	V		(2) Courses of business ethics and Anti- bribery course are arranged on a regular basis every year, and propaganda and training of laws and regulations as well as tests are conducted to staff to ensure employees to possess right concepts and to comply with relevant rules so that the spirit of the corporate social responsibility can be fully implemented.	
(3) Does the Company have a specific (or part-time) unit set up to promote corporate social responsibility, have the management been authorized by the Board of Directors to handle matters and report the processing results to the Board of Directors?	V		(3) The Legal Department of our company is responsible for promoting tasks of corporate social responsibility, controlling and tracking the progress of execution , and report to the Board regularly annually.	
(4) Does the Company have a reasonable salary and remuneration policy set-up, have the	V		(4) The Company has the "Regulations Governing Performance Evaluation,"	

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies
	Yes	No	Summary description	
employee performance evaluation system been combined with the corporate social responsibility policies and have a clear and effective reward and punishment system been established?			“Regulations Governing Bonuses,” and “Guidelines for Employee Incentive and Punishment” established to have the employee performance evaluation system combined with corporate social responsibility policies for effective implementation.	
<p>II. Development of a sustainable environment</p> <p>(1) Is the Company committed to enhance the utilization efficiency of resources and use renewable materials that are with low impact on the environmental?</p> <p>(2) Does the Company have an appropriate environmental management system established in accordance with its industrial character?</p> <p>(3) Does the Company pay attention to the impact of climate change on the operational activities, implement greenhouse gas check, and form an energy-saving, carbon-reduction, and greenhouse emissions reduction strategy?</p>	<p>V</p> <p>V</p> <p>V</p>		<p>(1) (2) The Company is in the Futures industry with no concern about environmental pollution while doing business operation. Additionally, the Company promotes Electronic Billings and devotes itself to environmental protection measures such as recycling and reuse. In respect of the procurement of office supplies and equipment, devices with low consumption and green energy are adopted. For every year, the safety and health management consulting firm with good credit submit the environmental testing report of labor operations.</p> <p>(3) The Company advocates environmental protection policies of power-saving, water-saving, and energy-conservation in accordance with the law and government policies, including indoor air temperature requirements, non-smoking, outdoor smoking in the designated places and regular</p>	There is no difference detected.

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies
	Yes	No	Summary description	
(3) Does the Company provide employees with a safe and healthy work environment, and provide safety and health education to employees regularly?	V		(3) The Company has the employee safety and health code presented and placed in the Company's websites; provides employees with strict access protective measures and safe workplace; regularly inspects and maintains the relevant fire and disaster prevention equipment; in addition, provides occupational compensation and related insurance; also, arranges annual health check-ups for staff.	
(4) The Company has developed the mechanism for the routine communication with the employees, and informed the employees of the changes in operation that may cause significant influence on the employees through reasonable means.	V		(4) The Company adopts a number of approaches for communications with the employees, including the Employee Welfare Committee meetings, labor-management meeting, department meetings, cross-function coordination meetings, management meetings, the audit committee, the mailbox for the suggestions and complaints, and lunch or dinner gatherings. In addition, the Company also disseminates information on the changes in operation that may cause significant influence on the employees through meetings and e-mails.	
(5) Does the Company have an effective career capacity development training program established for the employees?	V		(5) The Company, for the purpose of stimulating employee's potentials and nurturing talents, has the "Guidelines for Employee Education and Training" regulated to train employees establishing effective occupational capacity.	
(6) Does the Company have the relevant	V		(6) Except that the Company has the system of	

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies
	Yes	No	Summary description	
consumer protection policies and complaint procedures established in the sense of R&D, procurement, production, operations and service processes?	V		spokesperson and acting spokesperson for the communications with the customers, it has established a toll-free customer service hotline (0800-333-338), customer service mailbox, and suggestions and complaints mail box for communications. The Company has established the procedure for the settlement of disputes and lawsuit from trading in its internal control system, and has announced the “Yuanta Financial Holding Company and subsidiaries policy of confidentiality in customer information” as the guideline for the confidentiality and non-disclosure of customer information under due diligence.	
(7) Does the Company have products and services marketed and labeled in accordance with the relevant regulations and international norms?	V		(7) The Company is a futures commission merchant and has acted to protect the interests of traders in accordance with the relevant futures commission merchant laws and regulations and the “Guidelines for Promotional Materials and Advertisement Performed by Members of Chinese National Futures Association.”	
(8) Does the Company have the suppliers checked in advance for any records of impacting the environment and society?	V		(8) The Company purchases office items, business machines, and decoration fixtures with energy efficient label, low consumption of energy, and green products. For understanding the state of operation of the	

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies
	Yes	No	Summary description	
(9) Does the contract signed by the Company with the major suppliers entitle the Company to have the contract cancelled or terminated at any time when the suppliers violate the CSR policies that have significant impact on the environment and society?	V		contracting parties in business better, the Company shall include the clause of business integrity in the agreements, and shall request respective suppliers to provide the declaration of business integrity and information on business transactions for reference. In addition, the Company shall also check the legal status of these parties at the website of the court to confirm if there is a history of receiving bribes and/or the offering of illegal political contribution. (9) The Company has the terms of corporate management incorporated in the contract, but not the clauses that entitle the Company to have the contract cancelled or terminated at any time when the suppliers violate the CSR policies with a significant impact on the environment and society.	
IV. Enhanced information disclosure (1) Does the Company have the relevant and reliable CSR information disclosed on the Company's website and MOPS?	V		(1) Except for the disclosure of the Company's implementation of the corporate social responsibility on the annual report, the disclosure of the corporate social responsibility report is posted on the corporate governance section of the Company's official website.	There is no difference detected.
V. For companies who had established corporate responsibility code of conducts in accordance with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies", please describe the current practice and any deviations from the code of conduct:				

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies
	Yes	No	Summary description	
Yuanta Financial Holdings had formulated “Corporate Social Responsibility Best Practice Principles” and “Corporate Social Responsibility Policies and Management Rules” in accordance with “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies” in order for all corporate members of our group including the Company to comply. Currently there is no significant difference in operations.				
VI. Other important information that help understand the CSR operation:				
Social care:				
<div>1. The company has taken an active part in public interest care activities through the Yuanta Foundation and the Polaris Research Institute in three areas: “public interest and social education,” “the promotion of scholarships and the development of talent,” and “promotion of the arts and cultural education.” Include organizing “Charity Seminar,” blood donation activity” and “volunteer charity activity” to encourage children in secluded countryside to pursue their dreams, to initiate summer intern programs, to nurture financial professionals, to sponsor the “2014 New Taipei City Wulai Canyon HalfMarathon” and to spare no effort in promoting culture and arts with a grand total of NT\$3.96 million donated. In addition, the Company in the light of “take from the society, give back to society” to help the disadvantaged group and donate office furniture (tables, iron cabinets, etc.) to public interest groups.</div>				
<div>2. The Company hires persons with disabilities and of aboriginal origins as employees.</div>				
<div>3. The Company signed a contract with schools to offer students an employment learning program to collect experience at the workplace and to introduce and explain the program of arranging students to visit the Company.</div>				
<div>4. As we marched into the Internet era, computers have become a part of our daily necessities. For this reason, The Company had donated full sets of computer hardware to the Hong-Hua-Tung-Hsin Society.</div>				
<div>5. The Company supports the cause of Taiwan and other major nations in macroeconomic studies, banking and financial products, and shares the result of the research and studies with different social sectors by making donation to the endowments of fund for academic development, research institutes and schools, and also sponsors social charities in education and cultures by making donations to educational and cultural foundations. NT\$13.27 million in 2014.</div>				
<div>6. In addition, the Company after learning about the gas explosion incident that took place in Kaohsiung on July 31, 2014 had donated NT\$1 million to Kaohsiung City Government.</div>				
Energy conservation:				
<div>1. Movement towards electronic statements, and donate cost savings to The Society of Wilderness.</div>				
<div>2. Supports to the government's environmental regulations and policies by advocating for the conservation of power, water, and energy sources.</div>				
<div>3. Efforts toward resource recycling and reuse.</div>				
VII. Describe the criteria undertaken by any institution to certify the company's corporate responsibility reports: none.				

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

Proper enforcement of business integrity

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

Assessment items	Actual governance			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the reasons
	Yes	No	Summary description	
(2) Does the Company have the prevention program for any fraud stipulated; also, have the respective operating procedures, behavior guidelines, disciplinary actions and complaints system	V		<p>TWSE/GTSM-Listed Companies” and the sample template of “Procedures for Ethical Management and Guidelines for Conduct” published by Taiwan Stock Exchange, and the board of directors resolved on October 25, 2011 and December 27, 2011 respectively to formulate the “Ethical Corporate Management Best Practice Principles for Yuanta Financial Holdings Co., Ltd.” and “Procedures for Ethical Management and Guidelines for Conduct of Yuanta Financial Holdings Co., Ltd.”</p> <p>3. To facilitate the procedure, the Company has designated a dedicated unit to be in charge of implementing relevant operations and reporting to the board of directors on a regular basis. The Companies also abided by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and establish good corporate governance, risk control and management mechanism to create an operational environment for sustainable development.</p> <p>(2) The acts of fraud and fraudulent interest, committing or accepting bribes, providing illegal campaign contributions, improper charitable donations or sponsorships and</p>	

Assessment items	Actual governance			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the reasons
	Yes	No	Summary description	
<p>declared explicitly; also have it implemented substantively?</p> <p>(3) Does the company have preventive measures adopted in response to the conducts stated in Article 7 Paragraph 2 of the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” or other business activities subject to higher risks of fraud?</p>	V		<p>un-reasonable gifts, and hospitality or other improper benefits are prohibited explicitly in the “Ethical Corporate Management Best Practice Principles for Yuanta Financial Holdings.” The “Procedures for Corporate Management and Guidelines for Conduct” are regulated. In addition, the disciplinary action and complaint system for any violation of corporate management is stipulated. The job title and name of the violator, date of violation committed, the content of the violation committed, and the handling of the said violation are disclosed on the website in a timely manner.</p> <p>(3) In mapping out the plans for the prevention of breach of integrity, what measures have the Company adopted to prevent the offering and acceptance of bribes, the offering of illegal political contribution in the area of business activities vulnerable to the breach of integrity. While handling procurement cases, the Company shall always comply with “Procedures for Ethical Management and Guidelines for Conduct of Yuanta Financial Holdings Co., Ltd.”</p>	
<p>II. Proper enforcement of business integrity</p> <p>(1) Does the company have the integrity of the trade counterparty assessed and with the code of integrity expressed in the contract signed?</p>	V		<p>(1) For understanding the state of operation of the contracting parties in business better, the Company shall include the clause of</p>	Except for Paragraph (2), there is no non-conformity detected.

Assessment items	Actual governance			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the reasons
	Yes	No	Summary description	
(2) Does the Company have a specific (part-time) unit setup under the board of directors to advocate the code of integrity and to report on its implementation to the Board on a regular basis?		V	<p>business integrity in the agreements, and shall request respective suppliers to provide the declaration of business integrity and information on business transactions for reference. In addition, the Company shall also check the legal status of these parties at the website of the court to confirm if there is a history of receiving bribes and/or the offering of illegal political contribution.</p> <p>(2)1. The President of the Company shall appointed related functional departments to form a designated body for the administration of related affairs in accordance with the “Yuanta Financial Holding Company Limited Business Integrity Operation Procedure and Code of Conduct”, and report to the Board regularly.</p> <p>2. The company’s operation of the corporate governance and implementation of the ethical management had been reported to the 26th of the 8th board of directors on March 27, 2014.</p> <p>3. The Company will depend on the operating condition to study whether to set up a specific (part-time) unit under the board of directors for promoting corporate management.</p>	
(3) Does the Company have developed policies to prevent conflicts of interest, provided adequate	V		(3)1. Additionally, the Company formulated the “Codes of Ethics” to establish that when the	

Assessment items	Actual governance			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the reasons
	Yes	No	Summary description	
channel for communication, and substantiated the policies?			<p>company's directors or managers take advantage of their positions and authorities to involve themselves or their spouse, parents, children, or relatives within the third degree of kinship, and the affiliated enterprise at which a director, supervisor, or managerial officer works in business interactions with the company, they shall declare initially the information, and comply with a legitimate and appropriate means to handle or avoid the conflict of interest. The company established a sound management mechanism and implemented in the internal control and external business activities to enhance the effect of the ethical corporate management.</p> <p>2. The company has formulated relevant regulations such as "Audit Committee Charter," "Rules of Procedure for Board of Directors Meetings," and "Codes of Ethics," etc. For the recusal of relevant corporate personnel (including directors and supervisors) due to conflicts of interest, prohibition against disclosure of confidential information, Prohibition against insider trading, and Non-disclosure agreement, they shall be handled under relevant regulations.</p>	
(4) Has the Company established effective accounting systems and internal control systems to	V		(4)1. For the Company's accounting affairs, except as otherwise provided laws and	

Assessment items	Actual governance			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the reasons
	Yes	No	Summary description	
substantiate corporate management; also, have audits performed by the internal audit unit on a regular basis or by the commission CPAs?			<p>regulations shall handle them handled in accordance with the accounting system of the Company. Every quarterly financial statement shall be audited (reviewed) by CPAs of PricewaterhouseCoopers.</p> <p>2. Under the regulations of ethical corporate management, the Company is closely linked with relevant internal control rules for all departments complying with the internal control system and operation procedure to avoid any dishonest behavior of the employees. Additionally, while the corporate personnel involving any dishonest behavior, except that the internal audit department shall be instructed to conduct the audit, and the dedicated unit submitted to the board of directors a report on the unethical conduct, actions taken, and subsequent reviews and corrective measures. In the event other persons are suspected of engaging in unethical conduct to the Company and involving illegal affairs, the internal audit department shall submit relevant audit results to the legal compliance department in order for the legal compliance department to assist the Company in reporting the relevant facts to the judicial and prosecutorial authorities.</p> <p>3. Our Company's internal audit department</p>	

Assessment items	Actual governance			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the reasons
	Yes	No	Summary description	
(5) Has the Company organized corporate management internal and external education and training programs on a regular basis?	V		<p>executes the audit on a regular and non-regular basis of the compliance for internal control system and the accounting system, and summarizes an audit report on a regular basis and submits it to the audit committee and the board.</p> <p>(5) As required by regulations, the Company holds the training courses of “Anti-bribery, anti-corruption, and business ethics” every year, and all staff shall participate and pass the examination to ensure employees to possess right cognition and basic judgment concerning relevant laws and ethical conduct. Also, to implement legal compliance and fulfill the corporate social responsibility of the ethical management. In addition, the external training programs are handled in accordance with the “Guidelines for Employee Education and Training.”</p>	
<p>III. The operations of the Company’s Report System</p> <p>(1) Does the Company have a specific report and reward system stipulated, a convenient report channel established and a responsible staff designated to handle the individual being reported?</p>	V		<p>(1) The Company’s report system includes external mailbox or internal e-mail or written reports. In addition, there is the “Suggestion and Complaint” column on the Company’s website to accept suggestions or comments for improvement at any time. The identity of the whistle-blower and contents of the complaint should be kept confidential</p>	There is no difference detected.

Assessment items	Actual governance			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the reasons
	Yes	No	Summary description	
(2) Does the Company have the standard investigating procedures and related confidentiality mechanism established for the incidents being reported?	V		<p>and it is to be handled by the Audit Office and Compliance Department. In addition, the corporate management and employee performance evaluation and human resources policy are combined to establish a clear and effective disciplinary and appeal system.</p> <p>(2) Upon discovering or receiving a complaint about any personnel's involvement in unethical conduct, the Company shall ascertain the relevant facts immediately; if it is verified, the Company shall make an appropriate disposition in accordance with laws and regulations or this Company's policy and procedures of ethical management. When necessary, this Company will institute legal proceedings and seek damages to safeguard its reputation and its rights and interests. If the employee disciplined has any dissent, she/he may file an application for reconsideration pursuant to the complaint system. After the disciplinary case is verified, the Company shall disclose on its intranet information the name and title of the violator, the date and details of the violation, and the actions taken in response. The Company shall charge relevant units with the task of reviewing the internal control system and relevant</p>	

Assessment items	Actual governance			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the reasons
	Yes	No	Summary description	
(3) Has the Company taken proper measures to protect the whistle-blowers from suffering any consequence of reporting an incident?	V		<p>procedures and proposing corrective measures to prevent a recurrence of the same unethical conduct in order to fully implement principles of ethical management. In addition, the “Work Rules,” “Codes of Ethical Conduct,” and “Procedures for Corporate Management and Guidelines for Conduct” contain confidentiality clause; also, the labor contract signed with all employees contains affidavit of confidentiality.</p> <p>(3) The measures for protecting the whistle-blowers from suffering any consequence of reporting an incident are clearly stipulated in the “Codes of Ethical Conduct” and “Procedures for Corporate Management and Guidelines for Conduct.”</p>	
IV. Enhanced information disclosure (1) Does the Company have the contents of corporate management and its implementation disclosed on the website and MOPS?	V		<p>(1)1. The Company discloses the information of its ethical management consistently on the Yuanta Financial Holdings’ website, and discloses “Codes of Ethics” the company’s website.</p> <p>2. The Management Department of the Company shall load relevant information to the intranet of the Company at any time as needed. Currently, the department has announced the “Particulars for Procurement Management”, which covers business</p>	There is no difference detected.

Assessment items	Actual governance			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the reasons
	Yes	No	Summary description	
			integrity and related operation procedure.	
<p>V. Where the Company may have establish its own business integrity best-practice principles in accordance with the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies”, and shall elaborate the practice of business integrity and the variations from the aforementioned regulation: The Company has complied with the “Yuanta Financial Holding Company Business Integrity Best-Practice Principles” and “Yuanta Financial Holding Company Business Integrity Operation Procedure and the Code of Conduct” in operation. There is no significant variation for the time being.</p>				
<p>VI. Other vital information that helps to understand the practice of business integrity of the Company (e.g., the review and revision of the best-practice principles of the Company in business integrity) The Company has duly complied with the “Particulars for Procurement Management” approved by the Chairman. For understanding the state of business integrity of the prospective contracting parties, the Company shall announce its determination of business integrity, and specify business integrity into the agreements. In addition, the Company shall request respective suppliers to provide the declaration of business integrity and information on business transactions for reference. In addition, the Company shall also check the legal status of these parties at the website of the court to confirm if there is a history of receiving bribes and/or the offering of illegal political contribution.</p>				

- (7) Where the Company may have established related internal code governing best-practice of corporate governance, disclose the means for inquiry: for further information, visit the corporate governance zone of the company website at <http://www.yuantafutures.com.tw/> and MOPS at <http://mops.twse.com.tw/mops/web/index>, the stock code of the Company is 6023.
- (8) Vital information that helps to understand the practice of corporate governance of the Company shall be disclosed: for further information, visit the corporate governance zone of the company website at <http://www.yuantafutures.com.tw/> and MOPS at <http://mops.twse.com.tw/mops/web/index>, the stock code of the Company is 6023.
- (9) Internal control
1. Declaration of internal control: please see page 99 of this annual report.
 2. If the internal control policy was reviewed by an external auditor, the report of such a review must be disclosed: none in this year.
- (10) Major resolutions from general shareholders' meetings and board of directors meetings during the latest financial year, up to the publication date of this annual report:
- (11) Major resolutions of the General Meeting of shareholders and the Board in the most

Date of penalty	The penalized	Legal basis	Violations	Penalty imposed	Rectification
2014.01.14	the previous employee, Mr./Ms. Kuo	In violation of Article 16, Paragraph 1 of "Regulations Governing Responsible Persons and Associated Persons of Futures Commission Merchants"	During the tenure of the previous employee, Mr./Ms. Kuo, there had been no honest disclosure to the Company that she/he had been sentenced to imprisonment for more than the penalty due to the violation of Futures Trading Act in 2007.	Order the Company to discharge Mr./Ms. Kuo from the position	1. Discharge Mr./Ms. Kuo in accordance with the work regulation. 2. To enhance legal compliance propaganda for relevant personnel to fully implement in compliance with regulations.

recent year to the date this report was printed.

1. Major resolutions of the 2014 annual general meeting (dated May 20, 2014)
 Acknowledgments passed:
 - ① The Company's 2013 business report and financial statements.
 - ② The Company's 2013 earnings appropriation.
 Discussions passed:
 - ① Partial amendments to the "Memorandum of Association".
 - ② Partial amendments to the "Procedures for Election of Directors and Supervisors".
 - ③ Revocation The Company's "Supervisors' Responsibilities Guidelines".
 - ④ Partial amendments to the "Procedures for the Acquisition or Disposal of Assets".
 - ⑤ Proposal for lifting competition restrictions on the Company's directors
2. Major Board of Directors resolutions
Major resolutions of the 2014 1st Board of Directors meeting (dated January 23, 2014)
 - ① Approval of the financial plan of the Company in 2014.
 - ② Approval of the appointment of Certified Public Accountant to audit and certify for the year in 2013.

- ③ Approval of the revision of the “Articles of Incorporation” of the Company.
- ④ Approval of an amendment for the Company’s “Rules for Director Elections”
- ⑤ Approval of amendments for the Company’s “General Self-Examination Table for Directors and Supervisors Upon the Initial of Their Taking Office” and “Directions for the Implementation of Continuing Education for Directors and Supervisors”
- ⑥ Approval of the partial revision of the “Important Notice to Anti-Money Laundering” of the Company.
- ⑦ Approval of signing with the interested party, Yuanta Securities Co., Ltd. on the Agreement of Mandate to the Futures Trading Supplementary Service -Supplemental Protocol”.
- ⑧ Approval of the market risk limits of the Company in 2014.
- ⑨ Approval of relevant transactions of securities issued by interested parties of trading in Proprietary Trading Department or self-regulatory objects.
- ⑩ Approval of the personnel change for appointing and dismissal of the manager, Channel Service Department One.

Major resolutions of the 2014 2nd Board of Directors meeting (dated February 27, 2014)

- ① Approval of the Company’s business plan and strategy development in 2014.
- ② Approval of the Company’s business report in 2013.
- ③ Approval of the Company’s separate and consolidated financial statements for the year 2013.
- ④ Approval of presentations of “Representations Letter” required by the Company’s separate and consolidated financial statements for the 2014 audited by a certified public accountant.
- ⑤ Approval of the Company’s earnings distribution in 2013.
- ⑥ Approval of the case for non-competition of the Company’s directors.
- ⑦ Determining the date, venue, and agendas for the 2014 annual general meeting, and outlining the timeframe during which shareholders may raise agendas for discussion.
- ⑧ Approval of partial amendments to the “Procedures for the Acquisition or Disposal of Assets”.
- ⑨ Approval of the Company's 2013 “Declaration of Internal Control Policies”.
- ⑩ Approval of the revision of the “Internal Control System” and the “Enforcement Rules of Internal Audit” of the Company.
- Approval of the personnel change in the managers.

Major resolutions of the 2014 3rd Board of Directors meeting (dated March 27, 2014)

- ① Approval of the employment of General Manager.
- ② The proposal for the distribution of the Company’s 2013 remuneration to directors and bonus to employees was approved.
- ③ Approval of an amendment of the “Regulation Governing the Protection of Personal Information”.
- ④ Approval of relevant transactions of securities issued by interested parties of trading in Proprietary Trading Department or self-regulatory objects.

Major resolutions of the 2014 4th Board of Directors meeting (dated April 30, 2014)

- ① Approval of the donation to Polaris Economic Research Center amounted to NT\$2.30 million.
- ② Approval of an amendment for the Company’s “Procedures on intercompany financial transactions”.
- ③ Approval of presentations of “Representations Letter” required by the Company’s consolidated financial statements for the first quarter in 2014 audited by a certified public accountant.
- ④ Approval of the application with related financial institutions for credit limit.

- ⑤ The proposal for the appointment of Mr. Shin Feng Shen as the Vice President of the Trade Department was approved.
- ⑥ Approval of the revision of the “Internal Control System” and the “Enforcement Rules of Internal Audit” of the Company.
- ⑦ The application for “Taiwan futures and the daily futures on TXO contract” market maker was approved.
- ⑧ Approval of relevant transactions of securities issued by interested parties of trading in Proprietary Trading Department or self-regulatory objects.

Major resolutions of the 2014 5th Board of Directors meeting (dated May 29, 2014)

- ① Approval of the resolution of the distribution record date of cash dividends in cash in 2013.
- ② Approval of distribution case of the compensation of directors submitted by the Company’s remuneration committee in 2013.
- ③ Approval of the donation to Yuanta Educational and Cultural Foundation amounted to NT\$3.96 million.
- ④ Approval of the personnel change for appointing and dismissal of the manager, Channel Service Department One.
- ⑤ Approval of the revision of the “Internal Control System” and the “Enforcement Rules of Internal Audit” of the Company.

Major resolutions of the 2013 6th Board of Directors meeting (dated June 26, 2014)

- ① Approval of the renewal of the retainer agreement for appointing Giantera International Law Office as the legal counsel.
- ② Approval of the revision of part of the “Work Rules” of the Company.
- ③ Approval of the reshuffle of the duties of the Vice Presidents of the Company.
- ④ Approval of the revision of the “Internal Control System” and the “Enforcement Rules of Internal Audit” of the Company.
- ⑤ Approval of relevant transactions of securities issued by interested parties of trading in Proprietary Trading Department or self-regulatory objects.
- ⑥ The appointment of the Company’s Chairman was approved.
- ⑦ Approval of the further appointment of Mr. Ching-Chi Hou as the advisor to the Company.

Major resolutions of the 2014 7th Board of Directors meeting (dated July 24, 2014)

- ① Approval of the motion for the determination of the salaries for the Chairman the Company in accordance with the Articles of Incorporation of the Company.
- ② Approval of the revision of the “Internal Control System” and the “Enforcement Rules of Internal Audit” of the Company.
- ③ The proposal for the appointment of Mr. Hao He as the Vice President of the Trade Department was approved.
- ④ Approval of the personnel change in the managers.
- ⑤ The proposal for the appointment of Mr. John R. Birge as the Consultant of the Research Department was approved.
- ⑥ Approval of the further appointment of Mr. Zhou, Yan-Hong as the consultant of the Company.

Major resolutions of the 2014 8th Board of Directors meeting (dated August 25, 2014)

- ① The proposal for the donation of NT\$1 million for the gas explosion incident in Kaohsiung was approved.
- ② Approval of the treasury plan after the update in 2014.
- ③ Approval of presentations of “Representations Letter” required by the Company’s consolidated financial statements for the first half of the year in 2014 audited by a certified public accountant.
- ④ Approval of the Company’s separate and consolidated financial statements for the

first half of the year in 2014 audited by a certified public accountant.

- ⑤ Approval of the personnel change for appointing and dismissal of the manager, Offshore Institutions Department.
- ⑥ Approval of the personnel change for appointing and dismissal of the manager, Channel Service Department One.
- ⑦ The stipulation of the Company's "Regulations Governing Part-time Associates" was approved.
- ⑧ Approval of the comparison name and partial revision of the "Important Notice to Anti-Money Laundering" of the Company.
- ⑨ Approval of the revision of the "Internal Control System" and the "Enforcement Rules of Internal Audit" of the Company.
- ⑩ Approval of relevant transactions of securities issued by interested parties of trading in Proprietary Trading Department or self-regulatory objects.

Major resolutions of the 2014 9th Board of Directors meeting (dated September 25, 2014)

- ① Approval of the revision of the "Internal Control System" and the "Enforcement Rules of Internal Audit" of the Company.

Major resolutions of the 2014 10th Board of Directors meeting (dated October 30, 2014)

- ① Approval of presentations of "Representations Letter" required by the Company's consolidated financial statements for the three quarter in 2014 audited by a certified public accountant.
- ② Approval of the institution of the "Regulation Governing the Use of Equity Capital"
- ③ Approval of partial amendments to the "Organizational Code".
- ④ Approval of the personnel change in the managers.
- ⑤ The proposal for the cancellation of the lease regarding some of the sites at the Headquarters was approved.
- ⑥ Approval of the revision of the "Internal Control System" and the "Enforcement Rules of Internal Audit" of the Company.
- ⑦ Approval of relevant transactions of securities issued by interested parties of trading in Proprietary Trading Department or self-regulatory objects.
- ⑧ The proposal for the trade of securities and the use of proprietary funds to trade the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject was approved.

Major resolutions of the 2014 11th Board of Directors meeting (dated November 27, 2014)

- ① Approval of an amendment for part of the Company's "Rules Governing General Appointing and Dismissal Authorization for Transactions Other Than Credit Extension with Interested Parties Mentioned in Article 45 of Financial Holding Company Act"
- ② The proposal for the change of the lease regarding some of the sites at the Headquarters was approved.
- ③ Approval of re-signing with the interested party, Yuanta Securities Co., Ltd. on the "Agreement of Mandate to the Futures Trading Supplementary Service" and "addendum".
- ④ Approval of re-signing with the interested party, Yuanta Securities Co., Ltd. on the "Agreement of Mandate to the Futures Trading Supplementary Service" and "Commission agreement".

Major resolutions of the 2014 12th Board of Directors meeting (dated December 23, 2014)

- ① Approval appointed dates in 2015 for monthly meetings of the board of directors.

- ② Approval of re-signing with the interested party, Yuanta Securities Co., Ltd. on the “Agreement of Mandate to the Futures Trading Supplementary Service” and “addendum”.
- ③ The proposal for the appropriation of additional working capital regarding discretionary trading by managed futures enterprise was approved.
- ④ Approval of the revision of part of the “Regulation Governing Prices and Awards” of the Company.
- ⑤ Approval of the revision of part of the “Accounting System” of the Company.
- ⑥ Approval of the institution of the new version for the Company’s “Information Security Policy.”
- ⑦ The proposal for the amendment of some clauses of the “Rules Governing Margins and Royalties of Futures Trader” was approved.
- ⑧ The proposal for the amendment of some clauses of the “Rules Governing The Operation of Securities and Futures Business Risk Segmentation and Conflict of Interest” was approved.
- ⑨ The application filed for becoming a leverage transaction merchant to operate a leveraged margin contract trade business was approved.
- ⑩ The application filed for adding the “Internal Control System” and “Internal Audit Act Enforcement Rules” of the Company’s leverage transaction merchant was approved.
- ㉑ Approval of the revision of the “Internal Control System” and the “Enforcement Rules of Internal Audit” of the Company.
- ㉒ Approval of the establishment of the Company's 2015 audit plan
- ㉓ The proposal for the donation of NT\$6 million to the National Chengchi University was approved.

Major resolutions of the 2015 1st Board of Directors meeting (dated January 29, 2015)

- ① Approval of the financial plan of the Company in 2015.
- ② Approval of the appointment of CPA Lin, Se-Kai, CPA Li Hsiu-Ling, and CPA Hu Chi-Chang, PricewaterhouseCoopers, to audit and certify the Company’s financial statements and business income taxes for the year in 2015.
- ③ The proposal for the stipulation of the Company’s “Regulations Governing Market Risk,” “Regulations Governing Market Liquidity Risk,” and “Regulations Governing Credit Risk” was approved.
- ④ The proposal for the stipulation of the Company’s 2015 “Market Risk Limit,” “Market Liquidity Risk Limit,” and “Credit Risk Limit” was approved.
- ⑤ The proposal for the stipulation of the Company’s 2015 “Credit Exposure Limit” was approved.
- ⑥ The proposal for the amendment of some clauses of the Company’s “Regulations Governing Internal Control System Self-inspection” was approved.
- ⑦ Approval of partial amendments to the “Organizational Code”.
- ⑧ Approval of the partial revision of the “Regulation Governing Direct Investments”.
- ⑨ Approval of the revision of the “Operational Rules Governing Handling of Transactions Risks Control and Margin Calls”
- ⑩ Approval of relevant transactions of securities issued by interested parties of trading in Proprietary Trading Department or self-regulatory objects.
- ㉑ The proposal for the trading of securities and the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject was approved.
- ㉒ The proposal for the use of proprietary funds to trade the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject was approved.

13 The promotion of the Internal Audit Director was approved.

14 The promotion of some of the managers in the headquarters and branches was approved.

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

- (12) Documented opinions or declarations made by Directors or Supervisors against Board of Directors resolutions in the most recent year, up until the publishing date of this annual report: none.
- (13) Resignation or discharge of persons related to financial reporting (including the Chairman, President, Chief Accounting Officer, Chief Financial Officer, Chief Internal Auditor, and Chief F&D Officer) in the most recent year to the date this report was printed:

January 31, 2015

TITLE	NAME	DATE ON BOARD	DATE OF DISCHARGE	REASON FOR RESIGNATION OR DISCHARGE
General Manager	Mr. Lu, Lih-Jeng	97/7/15	103/4/1	Due to the concern of personal health

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

V. Disclosure of CPAs' remuneration

The Company makes individual disclosures of audit remuneration

Unit: NTD thousand

Name of firm	Name of CPA	Audit remuneration	Non-audit remuneration					Whether the audit period covers an entire accounting year		Audit period	Remarks
			Policy design	Licenses registration	Human resource	Others (Note)	Subtotal	Yes	No		
PwC Taiwan	Sai-Kai Lin, Hsiu-Ling Lee	1,640	0	0	0	220	220	V		2014	The secondary review fees for the transfer pricing report and financial information reported to foreign exchanges

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

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

VI. Change of CPA: None

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

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

(1) Shareholding transfers and changes in shares collateralized

Unit: shares

Title	Name	2014		As of January 31, 2015	
		Increase (decrease) in shares held	Increase (decrease) in shares collateralized	Increase (decrease) in shares held	Increase (decrease) in shares collateralized
Director and major shareholder	Yuanta Financial Holding Co., Ltd.	0	0	0	0
Chairman	Mr. Lin, Tien-Fu (inaugurated as board director on 6/26/2014 and as Chairman on 6/27/2014)	0	0	0	0
Director representative	Ms. Chou, Hsiao-Ling	0	0	0	0
Director representative	Ho, Ming-Hong (dismissed as board director on 6/26/2014)	(1,074,226)	0	0	0
Director representative	Mr. Lu, Lih-Jeng (Resigned on 2014/3/27)	0	0	0	0
Director representative	Ms. Sung, Shiao-Chin	0	0	0	0
Director representative	Mr. Yu, Yao-Tin	0	0	0	0
Director representative	Mr. Hong, Win-Ming (Resigned on 2013/3/18)	0	0	0	0
Director representative	Mr. Chen, Hsiu-Wei (Onboard on 2014/6/26)	0	0	0	0
Independent Director	Mr. Huang, Jung-Hsien	0	0	0	0
Independent Director	Mr. Yeh, Shao-Wee	0	0	0	0
Independent Director	Mr. Lay, Kuen-Horn	0	0	0	0
Major shareholder	MF Global Overseas Ltd. (Discharged on 2014/10/14)	(21,133,000)	0	0	0
General Manager	Lih-Jeng (Onboard on 2014/4/1)	0	0	0	0
	Ms. Chou, Hsiao-Ling (Onboard on 2013/4/1)	0	0	0	0

Title	Name	2014		As of January 31, 2015	
		Increase (decrease) in shares held	Increase (decrease) in shares collateralized	Increase (decrease) in shares held	Increase (decrease) in shares collateralized
Executive Vice President	Mr. Kuo, Yu-Hong	10,000	0	0	0
Vice President	Ms. Tsai, Chia-Ling	0	0	0	0
Vice President	Mr. Hsu, Kuo-Chun	60,000	0	0	0
Vice President	Ms. Li, Jing-Ru	(1,000)	0	0	0
Vice President	Mr. Ling, Yung-Hung(resigned on 10/1/2014)	0	0	0	0
Vice President	Mr. Hung, Shou-Chieh (Resigned on 2014/3/1)	0	0	0	0
Senior vice president	Mr. Lai, Sheng-Tang	0	0	0	0
Vice President	Mr. Hsieh, Chao-Hsian (Resigned on 2014/7/1)	0	0	0	0
Vice President	Mr. Kao, Yi-Jui (onboard 2014/09/01)	0	0	0	0
Branch Manager	Mr. He, Shuang-Ben (Resigned on 2014/8/1)	0	0	0	0
Branch Manager	Ms. Huang, Min-Jun (Onboard on 2014/8/1)	0	0	0	0
Branch Manager	Wang, Shi-Qing	0	0	0	0
Branch Manager	Hao-Hsiang Chang	0	0	0	0
Branch Manager	Wu, Sheng-Wei	0	0	0	0
Branch Manager	Lee, Hun-Chung	0	0	0	0
Manager	Song, Mo-Ju	0	0	0	0
Accounting Supervisor (Vice President)	Chou, Yu-Cheng	0	0	0	0
Chief Financial Officer	Yuan, Liang-Huei	0	0	0	0
Chief Internal Auditor (Asst Vice President)	Wu, Wen-Fang	0	0	0	0
Senior Assistant Vice Presidents	Ms. Fu, Huei-Ying (Resigned on 2012/4/1)	0	0	0	0
Senior Assistant Vice Presidents	Chang, Ching-Yee	0	0	0	0
Senior Assistant Vice Presidents	Chien, Lee-Ling	0	0	0	0
Senior Assistant Vice Presidents	Mao, Wei-Chi	0	0	0	0

Title	Name	2014		As of January 31, 2015	
		Increase (decrease) in shares held	Increase (decrease) in shares collateralized	Increase (decrease) in shares held	Increase (decrease) in shares collateralized
Assistant Manager	Mr. Hong, Yu-Yao (Resigned on 2014/6/9)	0	0	0	0
Assistant Manager	Wu, Cheng-Kang	0	0	0	0
Assistant Manager	Mr. Xie, Zeng-Quan (Resigned on 2014/3/5)	0	0	0	0
Senior Managers	Li, Min-Lung	0	0	0	0
Managers,	Mr. Chang, Chun-Hao (Onboard on 2014/4/1)	0	0	0	0
Managers,	Mr. Hu, Chia-Hui (Onboard on 2014/3/1)	0	0	0	0
Managers,	Mr. Lin, Hsuan-Hsiang (Onboard on 2014/3/6)	0	0	0	0
Managers,	Chen, Hsu-Hung	0	0	0	0
Deputy Manager	Mr. Tsai, Yueh-Hsien (Onboard on 2014/8/1, Discharged on 2013/11/1)	0	0	0	0

Note 1: The Company has phased out the seats of supervisors since 2012/5/23 and related information was disclosed to the date the supervisors were discharged.

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

(2) Transfer of shareholding

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

(3) Shares collateralized

Name	Reason for change in collateralized shares	Date of change	Counterparty	Counterparty's relationship with The Company, Directors, Supervisors, and shareholders with more than 10% ownership interest	Shares	Shareholding percentage	Percentage placed as collateral	Amount secured (redeemed)

None								
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IX. Relationships among The Company's top ten shareholders including spouses, second degree relatives or closer

Date: March 22, 2014

NAME	SHARES HELD IN OWN NAME		SHAREHOLDINGS OF SPOUSE AND UNDERAGE CHILDREN		SHARES HELD IN THE NAMES OF OTHERS		AMONG THE TOP 10 SHAREHOLDERS, THERE ARE RELATED PARTIES, SPOUSE TO EACH OTHER, AND KINDRED WITHIN THE 2 ND TIER UNDER THE CIVIL CODE, AND THE NAME AND AFFILIATION, IF APPLICABLE.		REMARKS
	SHARES (THOUS AND SHARES)	SHAREHOLDING PERCENTAGE	SHARES (THOUS AND SHARES)	SHAREHOLDING PERCENTAGE	SHARES (THOUS AND SHARES)	SHAREHOLDING PERCENTAGE	NAME	RELATIONSHIP	
Yuanta Financial Holding Co., Ltd. Representative: Mr. Wang, Jung-Chou	159,467	68.65%	0	0	0	0	None	None	None
	0	0	0	0	0	0	None	None	None
ROSENTHAL COLLINS GROUP LTD Representative: Mr. Yen, Chao-Yu	21,094	9.08%	0	0	0	0	None	None	None
	0.3	0.00%	0	0	0	0	None	None	None
Mercuries Life Insurance Co. Ltd. Representative: Mr. Liu, Chung-Hsing	20,000	8.61%	0	0	0	0	None	None	None
	0	0	0	0	0	0	None	None	None
MF Global Overseas Ltd.	3,190	1.37%	0	0	0	0	None	None	None
Investment account of Chinatrust Securities (Hong Kong) Ltd. - customer's account	1,874	0.81%	0	0	0	0	None	None	None
Gui-Qin Tang	1,227	0.53%	0	0	0	0	None	None	None
Fan Cheng Investment Co., Ltd. Representative: Mr. Lai, Wu-Hsien	1,150	0.50%	0	0	0	0	None	None	None
	3	0.00%	0	0	0	0	None	None	None
Nan Shan Life Insurance Co. Ltd. Representative: Kuo, Wen-Te	937	0.40%	0	0	0	0	None	None	None
	0	0	0	0	0	0	None	None	None
Mao-Lang Huang	799	0.34%	0	0	0	0	None	None	None
Zhen Xi-Ren	481	0.21%	0	0	0	0	None	None	None

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

Unit: thousand shares

Invested businesses	Invested by The Company		Held by directors, supervisors, managers, and directly or indirectly controlled enterprises		Aggregate investment	
	Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage
MF G Investment Consulting Co., Ltd.	1,367	33.33%	0	0	4,100	100.00%
Yuanta Polaris Futures (Hong Kong) Limited	6,000	100.00%	0	0	6,000	100.00%
SYF Information Co., Ltd.	5,000	100.00%	0	0	5,000	100.00%

Note: The Company's investment in the equity method.

Yuanta Futures Co., Ltd.
Declaration of Internal Control Policies

Date: February 26, 2015

The following declaration is based on the 2014 self-assessment over The Company's internal control policies:

- I. The Company is aware that the establishment, execution, and maintenance of its internal control policies are the responsibilities The Company's board of directors and managers. These policies were implemented throughout The Company. The purposes of these policies are to provide reasonable assurance towards business performance and efficiency (including profitability, performance, and asset security etc), reliable financial reporting, regulatory compliance and other goals.
- II. Internal control policies are prone to limitations. No matter how robustly designed, effective internal control policies merely provide reasonable assurance to the achievements of the three goals above. Furthermore, environmental and situational changes may affect the effectiveness of internal control policies. However, self-supervision measures were implemented within The Company's internal control policies to facilitate immediate rectification once procedural flaws have been identified.
- III. The Company evaluates the effectiveness of its internal control policy design and execution based on the criteria specified in "Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets" (hereinafter referred to as "The Governing Principles"). The criteria introduced by "The Governing Principles" consisted of five major elements, each representing a different stage of internal control: 1. Control environment, 2. Risk evaluation and response, 3. Procedural control, 4. Information and communication, 5. Supervision. Each element further contains several items. Please refer to "The Governing Principles" for details.
- IV. The Company adopted the abovementioned criteria to validate the effectiveness of its policy design and execution.
- V. Based on the assessment results above, The Company considered the design and execution of its internal control policies to be effective as at December 31, 2014; these policies (including the supervision and management over subsidiaries) had enabled timely knowledge towards business results, target accomplishments, reliable financial reporting, and compliance to regulations.
- VI. Legal implications of this declaration:
 - (I) Any illegal misrepresentation or non-disclosure relating to the above declaration are subject to the legal consequences under Article 115 of the Futures Trading Act.
 - (II) This declaration forms part of the main contents of the company's annual report and prospectus, and shall be disclosed to the public. Any illegal misrepresentation or non-disclosure relating to the public statement above are subject to the legal consequences under Articles 20, 32, 171, and 174 of the Securities Exchange Act.
- VII. This declaration was approved by The Company's Board of Directors in the meeting dated February 26, 2015. None of the 9 directors present to the meeting held any objections, and had unanimously agreed to the contents of this declaration.

Yuanta Futures Co., Ltd.

Chairman: Lin, Tien-Fu

General Manager: Chou, Hsiao-Ling

Four. Funding Status

I. Capital and outstanding shares

(1) Share category

January 31, 2015; unit: shares

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

(2) Share capital composition

Unit: thousand shares; NTD thousand

Year / month	Issue price	Authorized capital		Paid-up capital		Remarks		
		Shares	Amount	Shares	Amount	Source of capital	Paid in properties other than cash	Others
192008.04	10	20,000	200,000	20,000	200,000	Initial share capital \$200 million	—	Note 1
1998.02	10	50,000	500,000	50,000	500,000	Cash issue totaling 300,000 thousand dollars	—	Note 2
1998.05	10	60,000	600,000	60,000	600,000	Cash issue totaling 100,000 thousand dollars	—	Note 3
1999.07	10	61,500	615,000	61,500	615,000	Cash issue totaling 15,000 thousand dollars	—	Note 4
2000.08	10	63,000	630,000	63,000	630,000	Cash issue totaling 15,000 thousand dollars	—	Note 5
2003.09	10	109,580	1,095,800	109,580	1,095,800	Cash issue for merger \$465,800 thousand	Issued new shares for the merger with Refco Taiwan Co., Ltd.	Note 6
2003.11	10	64,500	645,000	64,500	645,000	Capital reduction totaling 450,800 thousand dollars	None	Note 7
2005.07	10	90,000	900,000	72,240	722,400	Capitalization of retained earnings totaling 77,400 thousand dollars	None	Note 8
2006.07	10	90,000	900,000	80,186	801,864	Capitalization of retained earnings totaling 79,464 thousand dollars	None	Note 9
2007.07	10	200,000	2,000,000	95,101	951,011	Capitalization of retained earnings totaling 149,147 thousand dollars	None	Note 10
2007.07	10	200,000	2,000,000	97,483	974,826	Employees' stock bonus totaling 23,815 thousand dollars	None	Note 10
2007.10	10	200,000	2,000,000	109,673	1,096,726	Cash issue totaling 121,900 thousand dollars	None	Note 11
2008.07	10	200,000	2,000,000	128,536	1,285,363	Capitalization of retained earnings totaling 188,637 thousand dollars	None	Note 12

2008.07	10	200,000	2,000,000	131,276	1,312,763	Employees' stock bonus totaling 27,400 thousand dollars	None	Note 12
2012.01	10	250,000	2,500,000	232,276	2,322,763	Cash issue for merger \$1,010,000 thousand	Acquisition of Yuanta Futures for the issuance of new shares	Note 13

Note 1: Approved under Notice (86) Tai-Tsai-Cheng-(5)-47814 dated 1997.04.09.

Note 2: Approved under Notice (86) Tai-Tsai-Cheng-(5)-88889 dated 1997.12.08.

Note 3: Approved under Notice (87) Tai-Tsai-Cheng-(7)-28749 dated 1998.04.16.

Note 4: Approved under Notice (88) Tai-Tsai-Cheng-(7)-54910 dated 1999.06.11.

Note 5: Approved under Notice (89) Tai-Tsai-Cheng-(7)-59655 dated 2000.07.12.

Note 6: Approved under Notice Tai-Tsai-Cheng-7-0920137311 dated 2003.08.18.

Note 7: Approved under Notice Tai-Tsai-Cheng-7-0920154137 dated 2003.11.14.

Note 8: Approved under Notice Jin-Guan-Cheng-7-0940128511 dated 2005.07.19.

Note 9: Approved under Notice Jin-Guan-Cheng-7-0950129316 dated 2006.07.28.

Note 10: Approved under Notice Jin-Guan-Cheng-7-0960038332 dated 2007.07.18.

Note 11: Approved under Notice Jin-Guan-Cheng-7-0960057731 dated 2007.10.17.

Note 12: Approved under Notice Jin-Guan-Cheng-7-0970032354 dated 2008.06.30.

Note: Approved under Notice Jin-Guan-Cheng-Chi-1000064718 dated 2012.01.16.

(3) Ownership diversification

1. Shareholders structure

Face value at ten dollars per share; March 22, 2015

Shareholders structure	Government institutions	Financial institutions	Other corporations	Foreign institutions and foreigners	Individuals	Total
Head count	0	3	17	15	6,882	6,917
Number of shares held	0	20,997,000	182,307,650	5,270,648	23,700,990	232,276,288
Shareholding percentage	0.00%	9.04%	78.49%	2.27%	10.20%	100.00%

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

2. Ownership diversification

(a) Ordinary shares

Face value at ten dollars per share; March 22, 2015

Shareholding range	Number of shareholders	Number of shares held	Shareholding percentage
1 to 999	4,370	123,419	0.05%
1,000 to 5,000	1,819	3,865,963	1.66%
5,001 to 10,000	314	2,545,502	1.10%
10,001 to 15,000	113	1,453,854	0.63%
15,001 to 20,000	83	1,555,429	0.67%
20,001 to 30,000	84	2,153,989	0.93%
30,001 to 40,000	30	1,051,775	0.45%
40,001 to 50,000	22	1,029,444	0.44%
50,001 to 100,000	47	3,345,366	1.44%
100,001 to 200,000	15	1,979,545	0.85%
200,001 to 400,000	10	2,953,052	1.27%
400,001 to 600,000	1	481,000	0.21%
600,001 to 800,000	1	798,712	0.34%
800,001 to 1,000,000	1	937,000	0.40%
1,000,001 and above	7	208,002,238	89.56%
Total	6,917	232,276,288	100.00%

(b) Preference shares: none.

3. List of major shareholders

March 22, 2015

NAME OF MAJOR SHAREHOLDER	NUMBER OF SHARES HELD (SHARES)	SHAREHOLDER PERCENTAGE (TOTAL 100%)
Yuanta Financial Holding Co., Ltd.	159,467,282	68.65%
ROSENTHAL COLLINS GROUP LTD	21,094,282	9.08%
Mercuries Life Insurance Co. Ltd.	20,000,000	8.61%
MF Global Overseas Ltd.	3,189,674	1.37%
Investment account of Chinatrust Securities (Hong Kong) Ltd. - customer's account	1,874,000	0.81%
Gui-Qin Tang	1,227,000	0.53%
Fan Cheng Investment Co., Ltd.	1,150,000	0.50%
Nan Shan Life Insurance Co. Ltd.	937,000	0.40%
Mao-Lang Huang	798,712	0.34%
Zhen Xi-Ren	481,000	0.21%

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

Unit: NTD; shares

Item \ Year		2013	2014	Year-to-date January 31, 2015
Market price per share (Note 1)	Highest	35.30	38.00	35.75
	Lowest	31.00	32.50	34.65
	Average	33.02	32.82	35.22
Net worth per share (Note 2)	Before dividend distribution	30.16	32.08	-
	After dividend distribution	28.09	25.135 (Note 9)	-
Earnings per share	Weighted average outstanding shares		232,276,288	232,276,288
	Earnings per share (Note 3)	Before adjustment	2.82	3.75
		After adjustment	2.82	3.75 (Note 9)
Dividends per share	Cash dividend		2.07	6.945 (Note 9)
	Stock dividends	From earnings	-	-
		From capital reserves	-	-
	Cumulative undistributed dividends (Note 4)		-	-
Analysis of investment returns	P/E ratio (Note 5)		11.71	8.75
	Price to dividends ratio (Note 6)		15.95	4.73 (Note 8)
	Cash dividend yield (Note 7)		6.27%	21.16% (Note 8)

- Note 1: List the highest and lowest share price in each year, and calculate the average market price by weighing transacted prices against transacted volumes.
- Note 2: Please calculate based on the number of outstanding shares at year-end, and detail the amount of distribution resolved in next year's shareholders meeting.
- Note 3: If stock dividends are issued, make retrospective adjustments while disclosing EPS before and after the adjustments.
- Note 4: If equity securities are issued with terms that allow dividends to be accrued and accumulated until the year the company makes profit, then the amount of cumulative undistributed dividends up till the current year must be disclosed separately.
- Note 5: $P/E \text{ ratio} = \text{Average closing price per share for the year} / \text{earnings per share}$.
- Note 6: $\text{Price to dividend ratio} = \text{Average closing price per share for the year} / \text{cash dividends per share}$.
- Note 7: $\text{Cash dividend yield} = \text{Cash dividend per share} / \text{average closing price per share for the current year}$.
- Note 8: The 2014 earnings appropriation is subject to approval during the annual general meeting on May 21, 2015.
- Note 9: The figures for distribution resolved by the Board on March 25, 2015 pending on the final decision of the General Meeting of shareholders.
- Note 10: Net worth per share and earnings per share should be based on audited (auditor-reviewed) data as at the latest quarter before the publishing date of this annual report. For all other fields, data should be provided as at the end of their respective years.

(5) The company's dividend policies and execution

- Dividend policies stated in The Company's Memorandum of Association

According to Article 29 of the Memorandum of Association, The Company's annual surpluses are first subject to taxation and reimbursement of losses made in previous years; the remainder is then subject to a 10% provision for legal earnings reserve, and a 20% provision for special earnings reserves. The remaining balance, plus any undistributed earnings carried from previous years, shall be subject to Directors' and Supervisors' remuneration totaling 0.1%~2% and employees' bonuses 0.1%~5% unless retained for business needs. Any balances remaining will be distributed at the Board of Directors' discretion, and is subject to shareholders' resolution.

The Company optimizes its dividend policy to ensure long-term financial stability while satisfying the needs for future growth, and thereby maximizing shareholders' interests. Detailed rules are as follows: (1) The amount distributed as dividends must not be lower than 50% of distributable earnings. (2) The Company may decide the weight of dividends issued in cash and in shares based on its business operations and capital requirements projected for the next year. However, cash dividends must not be lower than 30% of all dividends issued.

2. Dividend distribution proposed for the next annual general meeting

The Board of the Company resolved on March 25, 2015 in favor of the motion for the distribution of earnings and the capital reserve as cash dividend in 2014 whereby cash dividends payable to the shareholders amounted to NT\$1,613,209,400 (at NT\$6.945/share), remunerations to the directors amounted to NT\$700,000, and employee bonus amounted to NT\$2,889,803. These sums shall be proposed for discussion during the annual general meeting dated May 21, 2015. Once approved, the Board of Directors will be authorized to set the base date for dividend distribution.

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

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

(7) Employees' bonuses and remuneration to directors

1. Proportion or range of employees' bonuses and Directors' remuneration specified in the Memorandum of Association:

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

- a. Directors' and Supervisors' remuneration totaling 0.1% ~ 1%.
- b. Employees' bonuses totaling 0.01% ~ 5%.
- c. The remaining balance to be distributed to ordinary shareholders as cash dividends.

2. Accounting treatments for changes to estimated employees' bonus and directors' remuneration, changes to the calculation basis for stock dividends, and discrepancies between the amounts actually paid and the amounts estimated: there were no differences.

3. Employees' bonuses resolved by the Board of Directors:

The Company concluded a surplus in 2014, for which the Board of Directors has resolved on March 25, 2015 to distribute in the following manner:

Item	Distribution proposed by the Board of Directors
(1) Distribution (unit: NTD)	
Employees' cash bonus (no share-based bonuses were paid this year)	\$ 2,889,803
Remuneration to directors	700,000
(2) Earnings per share: (unit: NTD)	
Earnings per share	\$ 3.75
Differences between the estimated and the actual amount of employees' bonus or Directors' remuneration; and the causes and solutions for such differences: no difference.	
4. Employees' bonus and Directors' and Supervisors' remuneration made in the previous year (2013):	

Item	Amount resolved during the shareholders meeting and the Board of Directors meeting
(1) Distribution (unit: NTD)	
Employees' cash bonus	\$ 2,934,820
Remuneration to directors	\$ 500,000
(2) Earnings per share: (unit: NTD)	
Earnings per share	\$ 2.82
Differences between the estimated and the actual amount of employees' bonus or Directors' remuneration; and the causes and solutions for such differences: no difference.	
5. All information pertaining employees' bonus and remuneration to Directors has been disclosed on the Market Observation Post System. To inquire, please access http://mops.twse.com.tw/mops/web/index and click "Shareholders meeting and Dividends", followed by "AGM and Dividends - Proposed by the Board of Directors" or "AGM and Dividends - Resolved during the AGM"; input the proper search criteria (which is The Company's stock code: 6023)	

(8) Shares repurchased by The Company: none.

II. Disclosure relating to corporate bonds: none.

III. Disclosure relating to preference shares: none.

IV. Disclosure relating to depository receipts: none.

V. Employee stock warrants: none.

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

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

(1) The following disclosures are applicable for any issuance of new shares in exchange of

other company shares during the latest year, up till the publication date of this annual report: not applicable.

1. Yuanta Polaris Futures: None.

2. Subsidiaries of Yuanta Polaris Futures: None.

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

1. Yuanta Polaris Futures: None.

2. Subsidiaries of Yuanta Polaris Futures: None.

VIII. Progress on the use of funds:

(1) Plan: not applicable.

(2) Progress: not applicable.

Five. Business performance

I. Content of business

Yuanta Futures Co., Ltd.

(1) Business scope

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

1. Principal business activities:

- ① Futures brokerage.
- ② Proprietary futures trading.
- ③ Futures consultation services.
- ④ Futures management.
- ⑤ Futures Clearing and Settlement, and Clearing and Settlement Service.
- ⑥ Proprietary securities trading.
- ⑦ Securities introducing agency.
- ⑧ Other business functions approved by the competent authority.

2. Business weightage

Unit: NTD thousand; %

Item \ Year	2014	
	Operating revenues	Ratio (%)
Brokerage commission	2,052,421	90%
security commission earned	3,588	0%
Settlement and clearance fees	97,032	4%
Net gains in the derivative financial instruments	111,567	5%
Management fee income	52	0%
Consultancy fee income	7,077	0%
Other operating revenue	2,297	1%
Total	2,274,034	100%

Source: consolidated audited financial statements

3. The Company's current products (services)

(a) Futures brokerage

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

(b) Proprietary futures trading

- ① Proprietary trading of domestic and offshore futures/options.
- ② Market-making for futures and options to create liquidity.

(c) Futures consultation

- ① Provides analyses, opinions, or recommendations on futures trading, futures trust funds, the underlying, or any other instruments or investments approved by the competent authority.
- ② Makes futures related publications.
- ③ Organizes futures related seminars and campaigns.

(d) Futures management

- ① Offers discretionary futures trading services.
- ② foreign currency margin trading.

(e) Futures clearing and settlement, and clearing and settlement service.

To provide services such as clearing and settlement operations, and the performance guarantee of futures transactions, which are executed via Futures centralized futures exchange market.

- (f) Proprietary securities trading
 - ① Proprietary trading of securities listed on Taiwan Stock Exchange.
 - ② Proprietary trading of securities within business premise.
- (g) Futures introducing broker
 - ① Commissioned by securities firms to solicit investors into securities trading.
 - ② Accepts investors' account opening applications on behalf of securities firms.
 - ③ Accepts securities trade orders from investors and forwards them to securities firms for execution.
 - ④ Informs investors of settlement matters on behalf of securities firms.

4. Planned developments for new products (services)

- (a) Apply for the license of leverage transaction merchant

For the purpose of linking to international financial markets and complying with the world trend for new financial products according to the competent authorities, Yuanta Futures intends to develop a more comprehensive futures business territory. In addition to the existing futures commission merchants service, futures management and futures consulting business, the Company is actively applying to become a leveraged transaction merchant; also, expecting to provide general customers and professional institution investors with diversified profits and hedging channels through a structured forward contract, option contract, swap contract, spread contract, and combined with fixed-income products.
- (b) Invest in IT companies in Mainland China and the companies authorized for investment by the competent authorities in order to participate in the futures market of China.

Yuan Futures is with a relative competitive advantage in IB consulting, IT technology, and Investment Asset Management (including Trading and CTA funds) when compared to the current futures companies in China. In order to grasp the financial services and information business opportunities, Shengyuan Futures Information Co., Ltd. with 100% equity held by Yuanta Futures has the futures and options of 16 futures exchanges worldwide integrated through the “Super Eight” platform for the deployment of greater China territory. Invest in businesses that will be approved by the competent authorities in the future in order to develop futures asset management, proprietary trading and market making business in China and to participate in the development of futures market of China.

(2) Industry overview

1. Current industry conditions

(a) Existing market participants

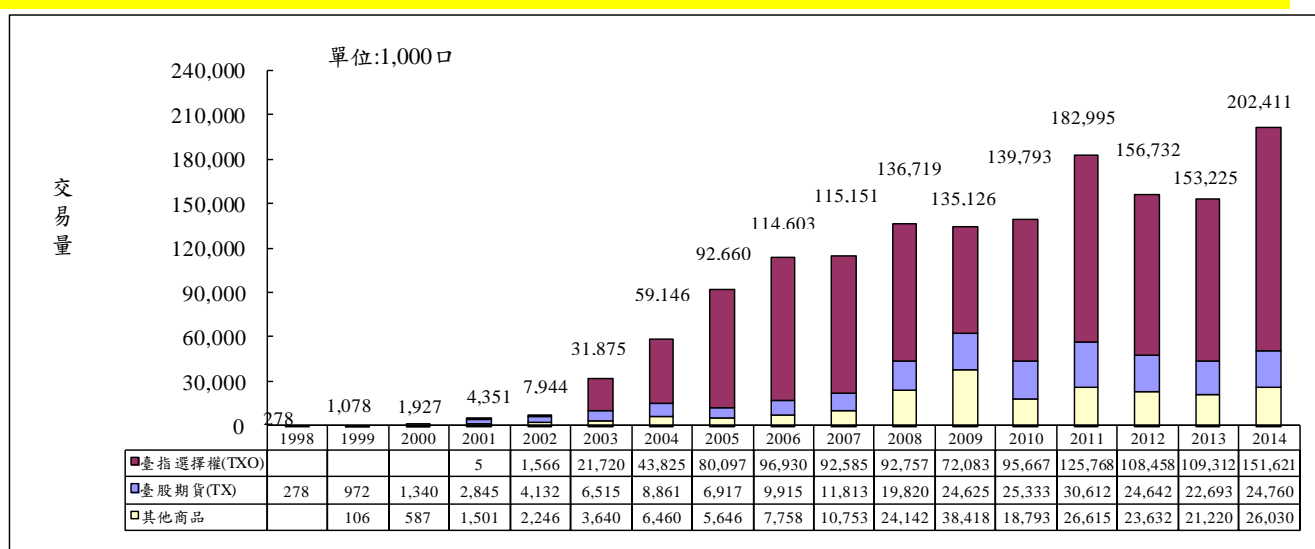
As of the end of 2014, the participation of the Company in futures market included brokerage with 15 commission futures merchants with 34 locations, and another 20 financial institutions running commission futures merchant operation with 143 locations. The Company also has business transactions with 49 future introducing brokers with 828 locations. In the area of proprietary trade, the Company has worked with 10 futures firms and 22 financial institutions running proprietary futures trade. In the area of clearing and settlement, the Company has 22 general clearing members and 11 individual clearing members, 9 clearing banks, and 33 futures consulting firms, and 9 futures brokerage firms (including financial institutions dealing with futures brokerage business), 9 futures trust services (running futures brokerage business). Among the above classifications,

The Company is a specialized futures commission merchant, a specialized proprietary trader, an ordinary clearing member, a composite futures consultation firm, and a composite futures management firm. In addition, in terms of brokerage, the Company has a total of 18 Futures Introducing Brokers, including Yuanta Securities, respectively, Da-Din Securities, Cosmos Securities, Shinfan Securities, Fengnong Securities, Fengdeh Securities, Jih-Mao Securities, Easytrade Securities, Reliance Securities, Yung Shin Securities, Boom Securities, Kuangzho Securities, Jingang Securities, Yingyi Securities, iNG Securities, Quan Thai Securities, Taichung Bank Securities and Sunny Securities. There are six clearing houses: Yuanta Securities, Optiver Securities Trading, Oriental Securities Trading, Shin Kong Securities, Oriental Securities, and Optiver Futures Brokerage Department.

(b) Customer structure

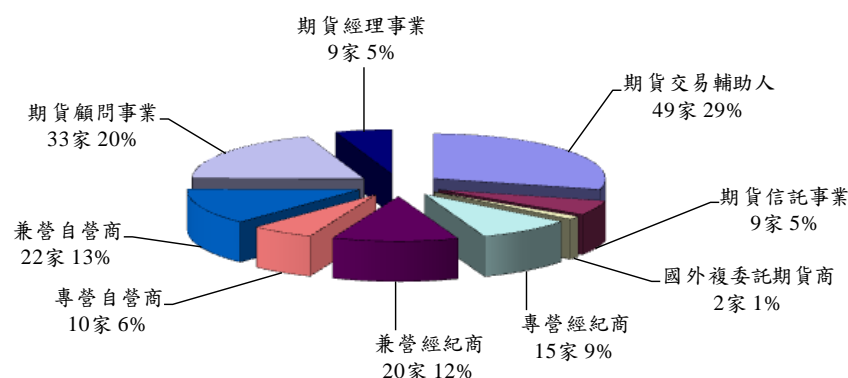
Domestic futures volume in past years

The trading volume in 2014 amounted to 202,411,093 lots, which was a increase of 32.10% from the same period of the previous year.



Source: Taiwan Futures Exchange

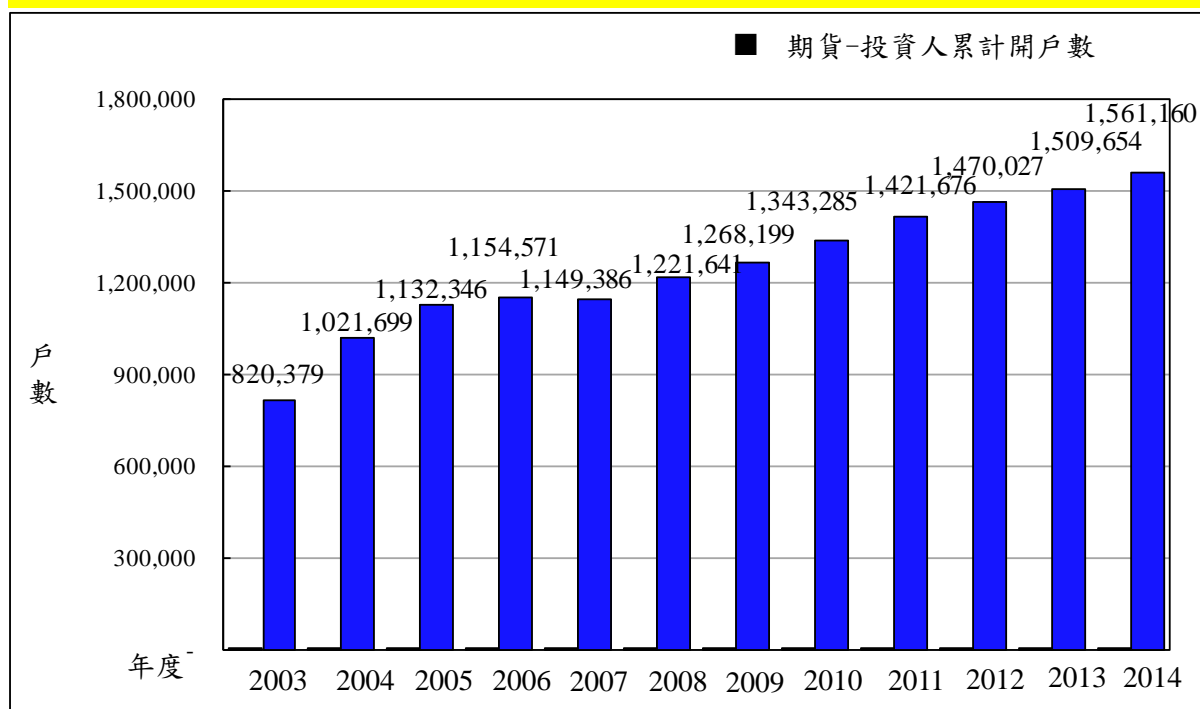
2014 Domestic futures overview



Total 169 firms

Trading outlook

There were 1,561,160 accounts opened: 1,551,700 individual accounts, and 9,460 corporate accounts



Source: Taiwan Futures Exchange

2014 Jan ~ Dec Earnings Compared to Peers

Annual ranking	Name of futures merchant	Cumulative pre-tax profit/loss	Cumulative pre-tax earnings per share
1	Yuanta Futures	1,001,193,669	4.31
2	Sinopac Futures	311,567,304	4.15
3	Optiver Taiwan	225,946,137	3.77
4	KGI Futures	300,004,049	3.49
5	Capital Futures	344,517,027	2.87
6	Da Chang Futures	51,390,368	2.57
7	President Futures	139,403,586	2.11
8	Jih Sun Futures Co., Ltd.	97,799,240	1.40
9	Masterlink Futures	90,081,396	1.29
10	Concord Futures	89,320,755	1.18
11	Mega futures	39,491,934	0.99
12	Hua Nan Futures	43,496,110	0.81
13	Fubon Futures	74,494,632	0.74
14	Cathay Futures	37,779,881	0.58
15	Waterland & Futures	26,324,408	0.44

Data Source: Taiwan Futures Exchange (calculated by the Company)

Given the fact that individual accounts opening had slowed down, the competent authority, the Taiwan Futures Exchange, and futures commission merchants have all shifted their focuses toward institutional traders as their next hope in increasing the market scope and liquidity. As a result, the customer structure is expected to shift from individuals toward institutions with more participation from foreigners. In 2014, the number of accounts opened increased by 3.41%, and the number of institutional accounts increased by 3.22%.

For the overall futures market of Taiwan, new trading systems were introduced due to the global economic recovery in 2014 driven by the growing US economy and the launch of new products of Taiwan Futures Exchange. The trade volume in Taiwan futures market in 2014 was 202.41 million transactions, representing 32.10% growth from the year of 2013.

In the past, people were misled by the term "leverage" to mistaken futures as a high-risk business. From a corporate management perspective, however, futures actually delivers relatively stable earnings compared to other financial businesses, for it grows in either direction of the market and is virtually unaffected by economic cycles. Last year, all 15 specialized futures commission merchants had produced profits with EPS averaging \$2.05. Based on their unaudited figures, pre-tax profits totaled \$2.872 billion.

2. Industry development

(a) Market participants' trends

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

For the purpose of enhancing the internationalization of the futures market in Taiwan, after the relevant regulations being loosened by the competent authorities, Taiwan Futures Exchange is committed to the introduction of internationalized new system and new features, such as the FTX and OTX products introduced on May 15, 2014 that was the major milestone of exporting Taiwan's financial commodity for the first time. The cooperation with the international Futures Exchanges helps provide Taiwan market with after-hours hedging channel and enhance the international deployment and global competitiveness of the Taiwan futures market.

(b) Trend in customer structure

In the current customer structure, institutional traders still accounted a low percentage. For this reason, Taiwan Futures Exchange Corporation has made extensive efforts in promoting institutional hedging accounts and organized seminars to inspire corporate involvements in the futures market. As for the general natural person, the number of new accounts opening is increasing gradually in the recent years due to the new products developed by the Taiwan futures market continuously, the new system introduced the trade qualifications decrees loosened and the effective marketing programs proposed by the industry.

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

The primary function of a futures commission merchant is to supply derivative instruments into the market, whether the underlying assets are shares, foreign currencies, interest rates, agricultural commodities, precious metal, or energy. These instruments allow commodity suppliers or buyers to lock in their prices during

volatile times, so that that can transfer price risks within the futures market and run their businesses with more certainty. Therefore, the futures market is where hedgers, speculators, and arbitragers transact for their own causes, and is necessary to achieving free market economy. This market does not have upstream, mid-stream, or downstream connections as does manufacturing.

4 The development trends for each product

Instruments traded over the market in 2012 consisted mainly of domestic futures, domestic options, U.S., Japanese, Singaporean, Hong Kong, and European instruments. Domestic futures mainly consisted of index futures, while trading for domestic options was mainly concentrated in options on index futures. U.S. instruments consisted mainly of foreign currency futures, stock index futures, interest rate futures, gold futures, agricultural commodity futures, and energy futures. The stock index futures are the main commodities traded at Japanese Futures Exchange. Singaporean instruments consisted mainly of MSCI Taiwan index futures, A50 and Nikkei 225 futures. Hong Kong instruments consisted mainly of Heng Seng and H Stock Index futures. European instruments consisted mainly of Euro bonds and Dow Jones Euro STOXX 50. 2014 trade volume by products is as follows:

Total trade volume between Jan and Dec 2014

Taiwan (futures)	Taiwan (options)	U.S.	Japan	Singapore	Hong Kong	Others	Total
100,114,690	304,707,496	6,431,440	332,244	6,084,166	506,741	722,160	418,898,937

From the above table, we could see that the trading of options in Taiwan Futures Exchange constituted the largest group by trading volume.

The trend of product development can be seen from the market total statistics dated 2010 ~ 2014.

Year	Taiwan (futures)	Taiwan (options)	U.S.	Japan	Singapore	Hong Kong	Others	Total
2010	85,058,046	194,527,736	4,670,198	124,670	3,765,895	255,697	229,978	288,632,220
2011	112,744,970	253,245,372	5,145,086	74,110	4,347,630	246,351	282,353	376,085,872
2012	95,538,284	217,925,540	5,140,874	74,249	3,760,770	267,354	203,934	322,911,005
2013	86,779,300	219,671,176	6,641,148	172,358	5,320,795	443,054	279,220	319,307,051
2014	100,114,690	304,707,496	6,431,440	332,244	6,084,166	506,741	722,160	418,898,937

Source: Chinese National Futures Association

From the table referred to above, in terms of the Taiwan futures market, although the bull position was held for over six months in the first half of 2014, the market volatility remained at the lower side causing trading volume to decline at the same time. The market volatility in the second half of 2014 was severe due to the significant change in the bull position that had directly or indirectly encouraged investors to conduct hedging and strategic trade with the stock index futures and options; also, the monthly trade volume of the futures market had reached record highs. In terms of options, it was growing annually and had officially exceeded the 253 million mark in transactions in 2011 to 304 million transactions, of which, the trade volume of options in 2014 had grown substantially over the previous year. It indicated that the demand of the Taiwan Futures Market traders for options commodity was growing. After giving investors appropriate education and training in the recent years, when investors are more likely to accept risk, it is crucial to avoid or control risks.

Taiwan Futures Exchange for the purpose of increasing market efficiency had two new trade systems introduced in 2014, including “Premarket Information Disclosure” and “A Range of New Market Price Mandate;” also, it was linked online on May 12 to make trade information more transparent, trading order form more diversified, and international competitiveness enhanced. It was awarded with the 2nd place of financial investment digital service benchmark enterprise of the “2014 Digital Service Survey” by “Digital Age” Magazine. Apparently, the network platform of the Taiwan Futures Exchange is with comprehensive design and excellent information service quality that is favored by investors; also, it offers investors the most favorable site browsing and quality service; moreover, it has successfully activated the annual trade volume to a record high with the improved futures market fluctuation amplitude and volatility.

In terms of the foreign futures markets, the European and USA futures index had gone up along with the economic recovery of the USA in 2014, in fact, it had reached record high prices. On the other hand, commodity futures had declined significantly because the USD index reached record highs in recent years, of which, energy, precious metals, livelihood metals and agricultural products were the underlying products of the reversed commodity futures price. Apparently, the year of 2014 was indeed a year with high volatility. Therefore, even if the trading volume of the US Futures declined slightly, the overall trading volume remained at high-end levels. Japanese Futures had demonstrated a significant growth in 2014 mainly due to the Japanese government policies, the central bank’s efforts, and the energy commodities trend. However the Singapore Futures still benefited from the arbitrage of TAIMEX and SIMEX futures arbitrage; also, due to the soaring Chinese stock market, the A50 index futures was popular that made the trading volume of the Singapore Futures to grow along with the Taiwan Futures and China Stock market. Hong Kong Futures had grown substantially in 2014 mainly to respond to the material growth of the Hang Seng Index and Futures in recent years. The other Exchanges had also demonstrated significant growth in 2014 mainly due to the introduction of FTX and OTX products on May 15, 2014. The cooperation between Taiwan Futures Exchanges and Eurex helps provide the Taiwan futures market with after-hours trading channels; also, the Company’s comprehensive internal and external training and education and marketing activities mechanism have successfully helped activate the trading volume. As we approach the age of inflation, the only way to capitalize wealth opportunities is to apprehend upcoming trends and place futures and options at the proper turning points.

5. Competition

The Company is a specialized futures commission merchant. Its competitors are presented below with information on share capital, pre-tax profit, and EPS in 2014:

2014 Jan ~ Dec Earnings Compared to Peers

Annual ranking	Name of futures merchant	Cumulative pre-tax profit/loss	Shares	Cumulative pre-tax earnings per share
1	Yuanta Futures	1,001,193,669	232,276,288	4.31
2	Sinopac Futures	311,567,304	75,000,000	4.15
3	Optiver Taiwan	225,946,137	60,000,000	3.77
4	KGI Futures	300,004,049	86,080,000	3.49
5	Capital Futures	344,517,027	119,997,847	2.87
6	Da Chang Futures	51,390,368	20,000,000	2.57
7	President Futures	139,403,586	66,000,000	2.11
8	Jih Sun Futures Co., Ltd.	97,799,240	70,000,000	1.40
9	Masterlink Futures	90,081,396	70,000,000	1.29
10	Concord Futures	89,320,755	75,500,000	1.18

Data Source: Taiwan Futures Exchange (calculated by the Company)

(1) Technological research and development

1. Technological intensity and R&D

Our R&D Department engaged in technical analysis, fundamental analysis and various applications of quantified models. In the technical aspect, it aimed at the research and development in the strategic level, with composite indicators to judge the future possible tendency of certain commodities. In the fundamental aspect, the factors affecting price fluctuation, the associations of the market and interactions, expected psychological inclination and the exploration of specific events would be the gravity of research and analysis. The results will be properly compiled for the reference of the domestic and foreign investors. The quantitative models have been adopted in the analysis. These models helped to present the result in operational mode in trading through statistical theories. The R&D Department has personnel specialized in every major product category (such as stock index, foreign currency, interest rate, bonds, energy, precious metal, basic metal, and agricultural commodities etc.) in the hope that their researches cover both breadth and depth to the maximum.

The Research Department actively engaged in data integration and database construction in 2014, such as, the construction of a big data database and the construction of stock futures data and the corresponding strategy development for enhancing business development in-breadth and the development of customers. In addition, for data study, such as, the big data was the pioneered option strategy analysis that helped enhance research quality and business development in practice.

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

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

Item \ Year	2014		2015 up till the end of January	
	Head count	Percentage	Head count	Percentage
Postgraduate study and above	7	78%	7	78%
University	2	22%	2	22%
Total	9	100%	9	100%
2 years research experience and above	5	56%	5	56%
2 years research experience and below	4	44%	4	44%

The research team of the Company has frequent interaction with Polaris Economic Research Center and Yuanta Securities Investment Consulting for upgrading the research resources on both sides and broadening the horizon of the research conducted by the Company.

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

Unit: NTD thousand

Item	2010	2011	2012	2013	2014
R&D Department expenses	7,232	7,814	9,976	12,571	13,541

Apart from the R&D Department created under the Futures Consulting Division, The Company has also allocated some staffs in the IT Department, who engage in research and developments within their own specialties to improve the overall performance or service quality. Most employees had attained Masters or Bachelor degrees in IT, and had many years of financial experience to assist their R&D efforts.

4. Successfully developed technologies or products

The Company's research materials are presented in paper as well as electronic publications. We issue daily, weekly, and quarterly publications on main futures products around the world, and offer statistical reports on large traders' positions, futures curves etc. Apart from the detailed analysis and market overviews, we also provide flash reports, comments, and opinions whenever major events occur. We organize regular seminars to help traders apprehend the latest market dynamics and future trends. In addition, the Research Department provides custom-made service to fulfill the needs of a financial juridical person and industrial juridical person, such as, strategy review, event analysis and trading strategies support.

In terms of IT products, information systems continued to be reinforced by system integration in order to have the system converged for the goals of resources integration and cost reduction. The vertical integration from front to rear - wind speed control systems, speed Futures Exchange online systems, horizontal integration of backend billing systems, e-commerce platform and a wide range of front-end trading software allows customers to choose fast, stable, comprehensive and global investment trading platform of the Company at their discretion. Provide YMF and super 888 trading platform to the VIP and proprietary traders. Provide the fastest quoting and trading tool on the market, actively develop international commodities for support, including Eurex Taifex Link; also, expand its scope of application, develop program trading mechanisms and strengthen the risk control of program trading.

(4) Long and short term business development plans

1. Short term development:

- (a) Secure market share of brokerage business: Create market differentiation services and enhance globalized operational capacity. Develop foreign futures 8-category commodities research report and 24hr APP message broadcasting service and marketing activities in various forms by creating international affairs issues; also, inject futures consulting and futures economic resources to construct a complete business value chain and to develop value-added services.
- (b) Actively expand IB foreign futures trading volume: Assist the IB locations to develop foreign futures business along with the lifting of regulations by the competent authorities. Provide excellent service of global boundary-free investment and no-time-different finance to investors around the clock based on the unity of securities and futures "24hr global operations center" concept.

- (c) Strengthen trade personnel management: Continue to strengthen trade risk management mechanisms, develop diversified global quantitative strategy, increase low-risk and high-return market strategy deployment, and recruit talents from campus for short-swing day trade and quantitative R&D based on an innovative trade personnel recruitment model.
- (d) Increase customer's AUM (asset under management) margin: Continue to expand the scale of customer's margin, enhance financial management efficiency comprehensively, improve customer margin spread profit, and provide foreign institution investors, domestic financial institution investors, and large-scale institution investors with a friendly investment environment with a stable and profound financial image.
- (e) Continue to launch new products in compliance with the policy of Taiwan Futures Exchange: Fully support Taiwan Futures Exchange to promote new products, such as, "Taiwan Futures Exchange authorizes Eurex Exchange to trade Taiwan futures and the 1-day futures contract of Taiwan stock option" and "ETF stock and futures" business for a win-win situation.
- (f) Continue to improve the Company's operation and management system: Integrate and optimize regulatory compliance, internal control and audit, corporate governance, and risk management structure in order to reduce operational risk.
- (g) Apply for the license of leverage transaction merchants to expand the business territory: The Company intends to apply for the license of leverage transaction merchants in the second half of the year in order to add a structured forward contract, option contract, swap contract, spread contract and combined with fixed income products for providing the general customers and professional institution investors with diversified profits and hedging channels.
- (h) Promote the "Asian Cup" deployment plan: Support the Asian Cup development strategy of Yuanta Financial Holdings to seek and invest in securities companies in Asia that are with the advantages of economies of scale and a niche. Exercise the competitive advantage of "futures operation and consulting" to construct a comprehensive securities and futures trading platform through OSU mechanism and IT trading mechanism in order to become the best futures company in Asia.

2. Long term development

- (a) Exert the high transparency of finance and business of GTSM-listed companies and strict corporate governance, enhance the performance of internal operations, fully implement corporate internal control system, establish a high-quality image, and ensure its status as an indicator in Taiwan futures market.
- (b) Together with the strength of Chinese partner, aim at Brokerage + Trading + CTA, make the market of the "Greater China," and build No.1 futures company in the Chinese world.
- (c) Incorporate the resources and channel scale of Financial Holdings and develop into an international futures company with transactions of securities, non-securities, bulk materials, and foreign currencies, etc.

Yuanta Futures (HK) Co., Limited

(1) Business scope

The business of Hong Kong subsidiary of the Company will not go beyond the scope approved by the competent authority. If there is any demand arising in new businesses, the Company will otherwise submit an application to the competent authority in Taiwan and overseas.

1 Principal business activities:

Category II business (dealing in futures contracts).

Category V (giving advices on futures contracts).

Other business functions approved by the competent authority of Hong Kong.

2. Business weightage

In Hong Kong Dollar; %

Item	2014	
	Operating revenues	Ratio (%)
Brokerage commission	1,521,812	80.8%
Other operating revenue	359,783	19.1%
Total	1,881,595	100%

Source: audited financial statements

3. The Company's current products (services)

Dealing in futures contracts: under the permission of Category II regulated activities of Securities and Futures Commission of Hong Kong to operate relevant business of futures, options, etc.

Giving advices on futures contracts: under the permission of Category V regulated activities of Securities and Futures Commission of Hong Kong to operate relevant business of giving advices on futures contracts, etc.

Other business will be approved first by the competent authority in Taiwan, and then reported to the relevant authorities in Hong Kong for the permission to operate.

4. Planned developments for new products (services)

Internally, it mainly focuses on the development of futures talents; Externally, it mainly focuses on the brokerage business. The R&D aims at products design, trading strategy, and transaction platform, and plans further according to the gradual evolution of the market after verifications from practical operations.

(2) Industry overview

1. Existing market participants

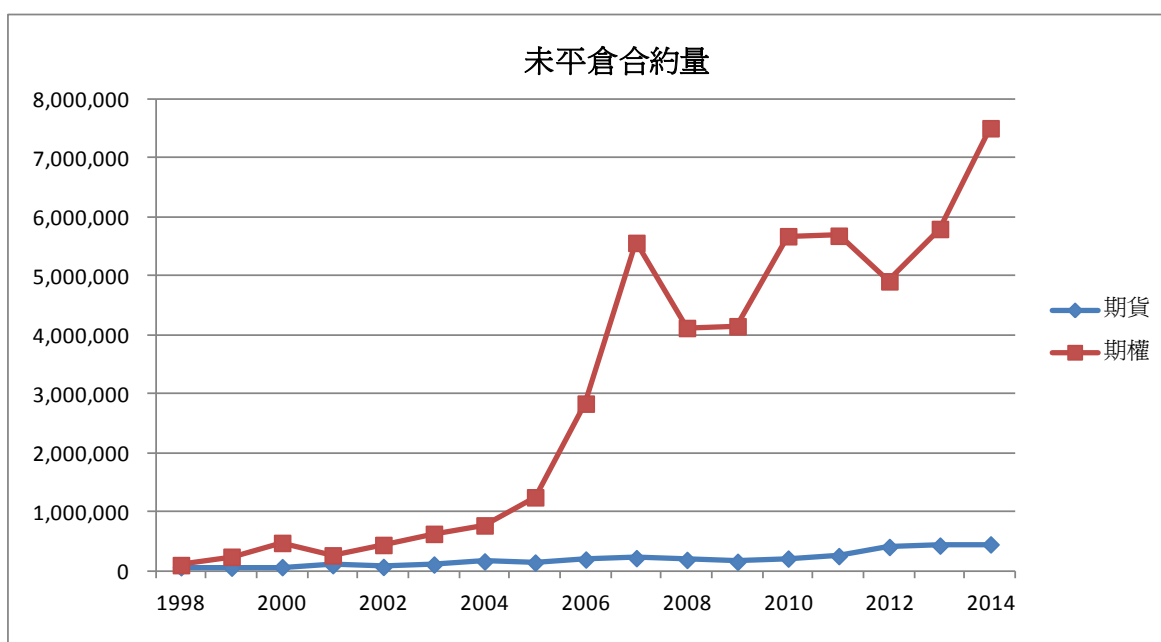
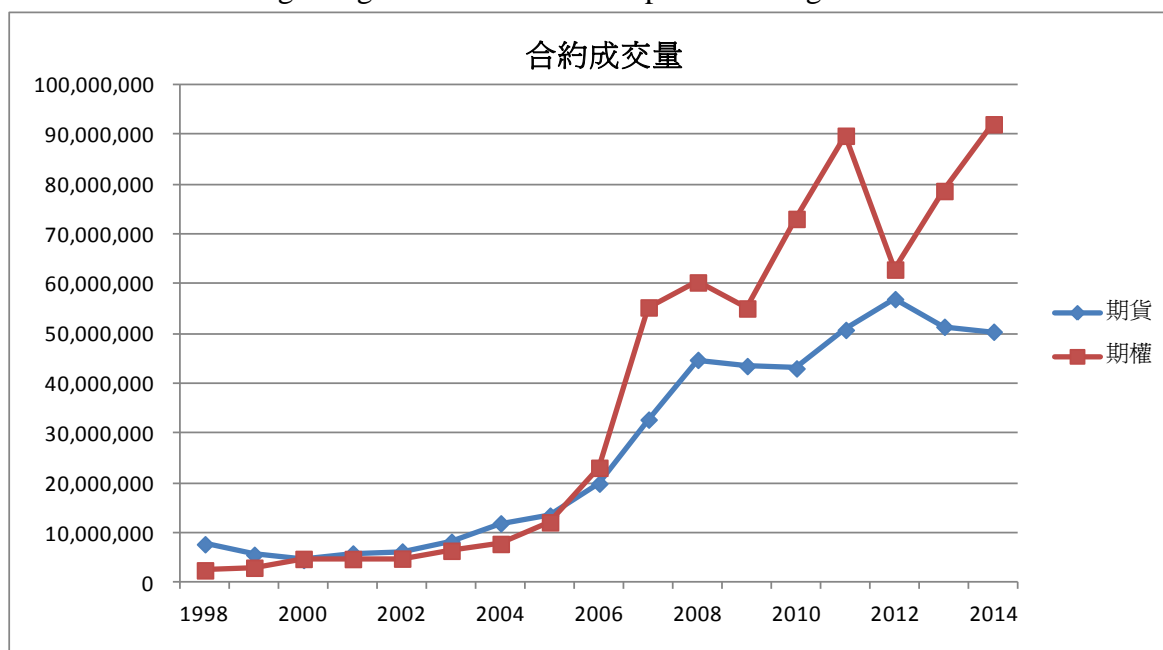
Hong Kong Exchanges and Clearing Limited Participants Statistics: (data by 2015/02/28)

		The Stock Exchange of Hong Kong Limited	Taiwan Futures Exchange
The holder of stock exchange trading right (Total number of the holding trading right)		556 (966)	231 (255)
Exchange Participants*	Business opened	500 (902)	179 (201)
	Business non-opened	38 (46)	Not applicable (NA)
Non-Exchange Participants		18 (18)	52 (54)

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

2. Industry and Products Development

Hong Kong market futures and options trading volume



Hong Kong derivatives market turnover (contracts counted in thousand)

	The end of December 2014	The end of December 2013	increase / decrease %
Hang Seng Index (HSI) Futures	17,067	19,580	-12.83%
Hang Seng Index Options	7,519	8,602	-12.59%
Mini-Hang Seng Index (MHI) Futures	6,960	7,854	-11.38%
Mini-Hang Seng Index (MHI) Options	961	1,157	-16.94%
H-share Index Futures	21,984	20,871	5.33%
H-share Index Options	8,999	8,027	12.11%
Mini H-share Index Futures	3,429	2,252	52.26%
Custom Terms Hang Seng Index Options	0.35	9.197	-96.19%
Custom Terms H-share Index Options	37	31	18.94%
HSIDPI futures	16	11	39.63%
HSCEI Dividend Point Index futures	241	156	53.72%
HSI Volatility Index futures	0.475	0.978	-51.43%
E Fund CES China 120 Index ETF	40	50	-19.78%
Stock Index Futures	428	458	-6.55%
-stock option	74,544	60,828	22.55%
Three-month HK\$ interest rate futures	0.035	0	-
RMB currency futures – USD:RMB (Hong Kong) Futures	205	139	47.83%
London aluminum futures mini contract	2	-	-
London zinc futures mini contract	3	-	-
London copper futures mini contract	4	-	-
Total futures	50,379	51,375	-1.94%
Total operations	92,060	78,654	17.04%
Total	142,439	130,029	9.54%

* The sale of London Metal futures mini contract began on December 1, 2014.

(3) Technological research and development

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

(4) Long and short term business development plans

1. Develop trading strategies and platform R&D
2. Recruit international talents
3. Receive diversified international information
4. Create a brand of “professional Trader”

Hope to by means of the participation in brokerage business of Hong Kong futures market for accumulating international practice and hands-on experience, upgrade the Company’s international competitiveness, and also establish a complete product line covering futures brokerage business, futures consulting, futures business management in Taiwan and overseas.

SYF Information Co., Ltd.

(1) Business scope

1. The core system (the front office, the middle office, the back office) of securities and futures businesses.
 2. The transaction platform of foreign investment (securities and futures)
 3. Securities and options electronic transaction system
 4. Overseas commodity transaction platform
 5. Risk Management System
 6. Sales Agent for computer software and hardware
 7. Develop e-commerce project and internet service
 8. After-sales warranty service for various system and software
- (2) Industry overview
- Since it is very competitive among companies in securities or futures industry, if companies would like to obtain profitable opportunities in such industries, they have to depend on the stability, speed, and capacity of information technology. In case of any type of interruption in operations, it will cause apparent loss in finance and goodwill as well as the customers' trouble. Therefore, while choosing the company, the first consideration of many customers will be the capacity and quality of information service.
- (3) Technological research and development
- In early years of the foundation of Taiwan information corp., it will integrate the Practical experiences in the front-office transactions, back-office management, products operation and development of the parent company, i.e. Yuanta Futures, and recruit and aggregate senior information professionals in order to R&D key technologies on its own and develop customize products.
- (4) Long and short term business development plans
1. Short term development:
 - (a) Develop high-speed middle office and back office information system
 - (b) Develop plug-in of securities and futures applications
 - (c) Develop customer information system service
 - (d) Integrate securities and options quotation in Taiwan and overseas and provide trading simulation platform
 - (e) Provide risks control service module
 2. Long term development
 - (a) Expand business channels in Mainland China, cooperate with local information companies
 - (b) Develop internet marketing business model

II. Market and sales overview

- (1) Market analysis (with industry-specific key performance indicators)
1. Locations where products (services) are primarily sold (provided), and market share information

2014 trade volume and market share between The Company and its main competitors:

Total trade volume between Jan and Dec 2014											
Number	Name of futures merchant	Taiwan (futures)	Taiwan (options)	U.S.	Japan	Singapore	Hong Kong	Europe	United Kingdom	Australia	Sub-total of overseas
F001000	Cathay Futures	629,875	1,313,368	0	0	0	0	0	0	0	0
F002000	Sinopac Futures	6,687,801	21,766,824	342,745	19,923	722,047	79,531	24,217	1,195	0	1,189,658
F004000	KGI Futures	12,492,802	22,951,652	813,916	45,852	793,922	57,862	108,656	9,530	0	1,829,738
F005000	Waterland & Futures	1,170,075	3,610,387	66,707	0	93,632	1,667	4,829	27	0	166,862
F007000	Jih Sun Futures Co., Ltd.	3,063,603	7,346,275	341,967	25,555	104,430	8,181	5,754	919	0	486,806
F008000	President Futures	3,976,004	11,187,153	542,012	19,035	669,460	37,278	24,391	1,181	0	1,293,357
F014000	Hua Nan Futures	1,312,765	3,185,462	52,629	183	45,751	1,207	3,882	0	0	103,652
F018000	Masterlink Futures	2,478,390	6,160,791	140,271	0	89,702	6,272	10,191	0	0	246,436
F020000	Capital Futures	7,752,400	12,306,516	1,552,572	89,817	1,178,320	87,003	148,042	181	207	3,055,935
F021000	Yuanta Polaris Futures	18,528,144	30,919,545	1,833,545	83,949	1,222,749	101,707	150,559	821	0	3,393,330
F026000	Fubon Futures	3,208,673	8,205,577	124,763	17,570	313,594	11,960	16,530	74	0	484,491
F029000	Concord Futures	2,895,317	13,789,451	394,868	21,297	234,333	34,896	46,097	308	0	731,799
F030000	Mega futures	1,799,399	3,414,101	106,135	895	125,941	3,997	3,815	1,288	0	242,071
F034000	Optiver Taiwan	1,478,269	931,810	0	0	0	0	0	0	0	0
F039000	Da Chang Futures	2,372,309	9,497,074	0	0	0	0	0	0	0	0
Brokerage firms subtotal		76,818,604	168,227,896	6,312,130	324,076	5,593,881	431,561	547,746	15,524	207	13,224,918
Proprietary traders subtotal		23,296,086	136,479,600	119,310	8,168	482,711	75,088	158,683	0	0	843,960
Market total		100,114,690	304,707,496	6,431,440	332,244	6,084,166	506,741	706,429	15,524	207	14,076,544
Market share of Yuanta Futures		18.51%	10.15%	28.51%	25.27%	20.10%	20.07%	21.31%	5.29%	0.00%	120.55%
Market share of Yuanta Futures Brokerage		24.12%	18.38%	29.05%	25.90%	21.86%	23.57%	27.49%	5.29%	0.00%	133.15%
The ranking of Yuanta Futures		1	1	1	2	1	1	1	6	6	1

Source: Chinese National Futures Association

Market share between Jan and Dec 2014											
Number	Name of futures merchant	Taiwan (futures)	Taiwan (options)	U.S.	Japan	Singapore	Hong Kong	Europe	United Kingdom	Australia	Sub-total of overseas
F001000	Cathay Futures	0.63%	0.43%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
F002000	Sinopac Futures	6.68%	7.14%	5.33%	6.00%	11.87%	15.69%	3.43%	7.70%	0.00%	8.45%
F004000	KGI Futures	12.48%	7.53%	12.66%	13.80%	13.05%	11.42%	15.38%	61.39%	0.00%	13.00%
F005000	Waterland & Futures	1.17%	1.18%	1.04%	0.00%	1.54%	0.33%	0.68%	0.17%	0.00%	1.19%
F007000	Jih Sun Futures Co., Ltd.	3.06%	2.41%	5.32%	7.69%	1.72%	1.61%	0.81%	5.92%	0.00%	3.46%
F008000	President Futures	3.97%	3.67%	8.43%	5.73%	11.00%	7.36%	3.45%	7.61%	0.00%	9.19%
F014000	Hua Nan Futures	1.31%	1.05%	0.82%	0.06%	0.75%	0.24%	0.55%	0.00%	0.00%	0.74%
F018000	Masterlink Futures	2.48%	2.02%	2.18%	0.00%	1.47%	1.24%	1.44%	0.00%	0.00%	1.75%
F020000	Capital Futures	7.74%	4.04%	24.14%	27.03%	19.37%	17.17%	20.96%	1.17%	100.00%	21.71%
F021000	Yuanta Polaris Futures	18.51%	10.15%	28.51%	25.27%	20.10%	20.07%	21.31%	5.29%	0.00%	24.11%
F026000	Fubon Futures	3.20%	2.69%	1.94%	5.29%	5.15%	2.36%	2.34%	0.48%	0.00%	3.44%
F029000	Concord Futures	2.89%	4.53%	6.14%	6.41%	3.85%	6.89%	6.53%	1.98%	0.00%	5.20%
F030000	Mega futures	1.80%	1.12%	1.65%	0.27%	2.07%	0.79%	0.54%	8.30%	0.00%	1.72%
F034000	Optiver Taiwan										
F039000	Da Chang Futures	2.37%	3.12%								
Brokerage firms subtotal		76.73%	55.21%	98.14%	97.54%	91.94%	85.16%	77.54%	100.00%	100.00%	93.95%
Proprietary traders subtotal		23.27%	44.79%	1.86%	2.46%	7.93%	14.82%	22.46%	0.00%	0.00%	6.00%
Market total		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	1.33%	100.00%
Market share of Yuanta Futures		18.51%	10.15%	28.51%	25.27%	20.10%	20.07%	21.31%	5.29%	0.00%	24.11%
Market share of Yuanta Futures Brokerage		24.12%	18.38%	29.05%	25.90%	21.86%	23.57%	27.49%	5.29%	0.00%	25.66%
The ranking of Yuanta Futures		1	1	1	2	1	1	1	6	2	1

Source: Chinese National Futures Association

2. Future market supply/demand and growth potentials

Looking back the global economy in 2014 driven by the US economic recovery, Europe and USA futures index soared to a new record high price, on the other hand, commodity futures price dropped after US Dollar index reached the record high in the recent years, of which, eight categories of futures commodities, including energy, precious metals, home metals, agricultural products, etc. are subject to commodity futures price adjustment. Apparently, the year of 2014 was indeed a year of volatility. Regarding the futures market in Taiwan, the Volatility Index (VIX) hit a historical low price (8.27) on June 24, 2014, followed by a rebound in the following months that was the highest point on October 16 and hit a new historical high price (16) on October 16. This feature caused the trading volume of Taiwan futures in the second half of 2014 higher than the first half of 2014.

In addition, there were several new products launched at Taiwan Futures

Exchange in 2014, such as, Eurex/TAIFEX Link listed on EUREX for the first time on May 15 to make up the inadequate after-hour trade of Taiwan futures market and to help with the risk control of the domestic futures participants (either proprietary accounts or institution investor accounts) that was clearly helpful to market integrity. In addition, ETF proprietary futures was listed on Taiwan Futures Exchange on October 6 with the issuance subjects of Taiwan 50, NZF, and FB SSE that helped investors trade Taiwan stock and China stock through these commodities; also, China stock driven by the SH-HK connect provided the investors of Taiwan futures with more channels to enter the market. Therefore, Taiwan futures market performed brilliantly in 2014. Taiwan futures market trading volume was 202,410,000 transactions in 2014 with a daily volume of 816,000 transactions, representing a growth of 31.04% from the year of 2013.

In prospects for 2015, the Taiwan Futures Exchange will continue to launch large-scale futures contest activities and talents training courses in order to improve stock and futures trading volume; also, actively develop cross-border cooperation, recruit foreign commodities to be listed for trade in Taiwan, and continue to promote product development and system reformation. In prediction, the volume will grow in the futures market for the whole year in wake of the steady recovery of global economy.

3. Competitive advantage

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

“Secure brokerage market ratio and improve gross profit ratio.”

- (a) Create market differentiation services, enhance the globalized operation capacity, develop foreign futures 8-category commodities through international affairs and topics, and provide professional research reports and 24hr service value in order to expand the blue ocean market.
- (b) Inject futures consulting and futures brokerage resources, construct the comprehensive business value chain, and create value-added services.
- (c) Master the world's eight major categories quotations. Reduce Taiwan single stock market risk by taking advantage of the futures short operational advantage to increase the salesperson's sales in depth and width.
- (d) Duplicate the successful business model to the South Korea and Hong Kong markets. Establish a golden triangle zone of Taiwan, Korea and Hong Kong to actively deploy the Asian market.

“Actively develop the overseas futures markets business”

- (a) The competent authorities had officially approved futures introducing brokers (IB) to undertake foreign futures business since November 26, 2014. Yuanta Futures will forcefully help IB develop the foreign futures business at each business location in order to increase the trading volume of foreign futures.
- (b) With the advantage of having the membership of 12 foreign exchanges, 215 stations of FCM and IB in Taiwan, and 24-hr around the clock global operations center in service, the Company intends to develop foreign futures products with a higher turnover to be expected.

“Promote new kinds of business in compliance with the policies of the Taiwan Futures Exchange.”

- (a) Eurex / TAIFEX Link products were officially listed for trade on May 15, 2014

with the trading time extended. Link Taiwan stock market with international stock markets in order to provide Taiwanese investors with the choice of after-hour investment hedging through continuous advocacy and preferential incentives.

- (b) Grasp European and American stock market volatility and stipulate investor's needs for Eurex / TAIFEX Link commodity hedge. The cumulative trading volume officially exceeded 200,000 transactions in December 2014 and actively taken advantage of the wave of growth.
- (c) Taiwan Futures Exchange had ETF futures listed for trade on October 6, 2014 and continued to promote along with the Shanghai-Hong Kong Stock Connect transactions to provide Taiwanese investors with a convenient trade channel in order to participate in Chinese stock market.

"Improve proprietary trade performance and take into account the risk control."

- (a) Continue to strengthen proprietary risk management mechanism and adopt low-risk operation.
- (b) Utilize the centralization of dominant strategy to expand overseas market and duplicate the successful model in Europe and the United States where the market is with high fluctuation.
- (c) In the diversified, comprehensive and multifaceted strategies of quantitative global development, we shall increase the layout of the low-risk, high-return markets.
- (d) Continue the innovative proprietary trader recruitment approach and campus talents recruitment for day trade and measurement R&D.

Increase customers margin AUM"

- (a) Expand the scale of customer margin, integrate and improve the efficiency of fund management, and increase customer margin spreads income.
- (b) Provide foreign corporations, domestic financial corporations, and large institutional shareholders with a friendly investment environment based on an image of stable finance.
- (c) In respond to the competent authorities' loosening the restriction on foreign currency deposits limit, improve capital utilization efficiency with diversified investment funds allocation.

"Establish trading strategy to increase IB trading volume"

- (a) Assist IB to establish a correct options trading risk concept, provide customers with risk management and control tool, and construct an ideal return trading patterns.
- (b) Promote strategic trading, stock and futures traded in a bear and bull market strategy, effectively increase the market share of IB channel domestic futures and options and exercise the Group synergy effect.

4. Opportunities

- (a) Comply with the Asian Cup development strategy of the competent authorities to have Taiwan, Hong Kong, and South Korea connected to form a golden triangle centralized on the "futures operation and consulting." Plan to construct a comprehensive securities and futures trading platform in Singapore, Thailand, Indonesia, Philippines, and Vietnam through the OSU mechanism and IT trading mechanism in order to satisfy the investors' needs for one-stop-shopping investment.
- (b) Deploy the greater China market with the super-eight platform through the Shengyuan Futures Information Technology (Shanghai) Co., Ltd., the invested company. It is possible to launch the greater China integrated securities and futures "Super Eight" platform along with the open policy of Mainland China; also, the B2B2C model will be applied by then to increase income.

- (c) The deregulation of financial policies in Taiwan and Mainland China made way for further development. Futures intermediaries from Taiwan can apply for the establishment of futures brokerage firms as equity joint ventures. Under this arrangement, futures institutions from Taiwan can hold up to 49% of the shares of the joint ventures. In the futures, the investors on both sides may be able to invest in each other and list the products in the exchanges on both sides for trading, and cross-recognition of the licenses and certificates. These would effectively contribute to the development in the futures market of Mainland China.
 - (d) TFE will continue to launch new products and systems to make the product line of the domestic futures market complete and provide the traders a greater variety of choices for hedging.
 - (e) The Company is strong in innovation of options. With a complete and solid trading platform, the Company gained a lion share in the futures brokerage market and proprietary trade, with the highest growth in futures trading advisor business. These demonstrated the synergy under the integration and cross-sharing of group resources.
 - (f) With healthy financial structure, a viable system of risk management, and good practice in corporate governance, the Company strictly controls the clearing of transactions for proper control of risk.
 - (g) The Company has a great variety of training programs for its personnel, which helped to upgrade the professional skills of the sales personnel and the back-end staff in compliance with applicable laws.
5. Future opportunities, threats, and responsive strategies
- (a) The financial environment will continue to be rough. As such, the Company has mapped out the strategy for coping with the instability of profits from commission incomes and proprietary trade.
Responsive strategies:
 - ① Creating multiple income sources: adopt an international perspective in both trading strategy and product promotion to avoid local price competitions or concentrated revenue sources. The Company has sufficient relative advantage in international markets to secure its revenues.
 - ② Dedication to high service quality: offering 24-7 trading services, IT platform upgrades and customization, professional market analysis and recommendations etc to highlight our differentiated services, and thereby building our brand image while securing customers' loyalty.
 - ③ Broaden the horizon of the marketing strategy: given the advantage of the financial holdings, the Company will provide a wider array of products and services. By integrating the strategies of futures trust, futures brokerage, and future trading advisor, and the interface of the outstanding IT platform, the Company will intensify strategic marketing activities, allows for more exposure to the media, higher visibility of the brand of the Company to the investors, and effectively enlarge the market size.
 - (b) Futures margin trading is highly leveraged and is susceptible to settlement losses, which discourages investors' participation.
Responsive strategies:
 - ① The high leverage involved in margin trading is investors' choice, not obligation. We can eliminate investors' doubts by communicating proper concepts on capital managements.
 - ② Teach investors the "STOP" strategy to avoid major losses while earning

sizable gains.

- (2) Main product purpose and production process: not applicable.
- (3) The supply of key raw materials: not applicable.
- (4) Name of trade partner representing more than 10% of total purchases (sales) in any of the last two years, and the amounts and percentages of purchases (sales). Describe the causes of any variation: not applicable.
- (5) Production volume and value in the last two years: not applicable.
- (6) Sales volume and value in the last two years: not applicable.

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

Yuanta Futures Co., Ltd.

Year		2013	2014	January 31, 2015
Number of employees		381	345	343
Average age		38.05	38.81	38.82
Average years in service		7.47	8.24	8.31
Academic qualification	Doctoral Degree	0%	0.28%	0.29%
	Master's Degree	16.79%	16.81%	16.61%
	Bachelor's Degree	74.01%	74.78%	74.63%
	High school	8.42%	8.13%	8.47%
	Below high school	0.78%	0%	0%

Yuanta Futures (HK) Co., Limited

Year		2013	2014	January 31, 2015
Number of employees		3	3	3
Average age		34	35	35.1
Average years in service		0.37	1.37	1.45
Academic qualification	Doctoral Degree	0	0	0
	Master's Degree	33.3%	33.3%	33.3%
	Bachelor's Degree	66.7%	66.7%	66.7%
	High school	0	0	0
	Below high school	0	0	0

Note: the average years of service were counted from the business opening date as applied.

SYF Information Co., Ltd.

Year		2013	2014	January 31, 2015
Number of employees		2	2	2
Average age		47.4	48.4	48.5
Average years in service		0.5	1.5	1.59
Academic qualification	Doctoral Degree	0	0%	0%
	Master's Degree	50%	50%	50%
	Bachelor's Degree	50%	50%	50%
	High school	0%	0%	0%
	Below high school	0%	0%	0%

IV. Contribution to Environmental Protection

- (1) Companies that are required to apply for pollution treatment facilities or pollutive emission permits, or required to pay pollution treatment expenses, or required to assign dedicated environmental staffs, must detail their applications, payments, or any arrangements: not applicable.
- (2) List and equipment or investment relating to pollution prevention; describe their purposes and the likely benefits: not applicable.
- (3) Describe any improvements towards pollutions and disputes arising from which in the last 2 years, up till the publishing date of this annual report: not applicable.
- (4) Describe any losses or penalties caused by pollutions (including compensations) in the last 2 years up till the publishing date of this annual report; disclose responsive strategies (including corrective measure) and the likely expenses (including losses, penalties, and compensations for not taking corrective actions; state the reasons if losses can not be estimated): none.
- (5) Describe the current pollution situation and how improving the situation may affect the company's earnings, competitiveness, and capital expenditure; estimate major capital expenditures on environmental protection in the next 2 years: not applicable.

V. Employer and employee relationships

- (1) The availability of employee welfare, training, ongoing education, and retirement policies. Elaborate on the agreements between employers and employees, and the protection of employees' rights.
 1. Employees' welfare
 - (a) Employees' Welfare Committee:
 - ① Birthday gift
 - ② Maternity, marriage, and funeral subsidies
 - ③ Children's education subsidies
 - ④ Employees' training subsidies
 - ⑤ Emergency aid
 - ⑥ Employees' incentive trip
 - ⑦ Dragon Boat Festival and Mid-Autumn Festival gifts
 - (b) The Company provides:
 - ① Group accident insurance
 - ② Year-end bonus
 - ③ Employees' bonus (subject to the terms of the Memorandum of Association)

- ④ Monthly pension contributions in accordance with the Labor Standards Act
- ⑤ Annual health check-up
- ⑥ Year-end lucky draw banquet

(c) Government regulations:

- ① Mandatory participation in the Labor and Health Insurance Schemes
- ② Compensation for occupational hazards according to the Labor Standards Act
- ③ Any other requirements under the Labor Standards Act, the Labor Insurance Act, and the National Health Insurance Act

2. Employees' education policy: in order to enhance employees' professional knowledge, skills, efficiency, and work quality, we have established the following Education Policy in conformity to human resource requirements:

Orientation: Department guidance.

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

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

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

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

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

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

Training expenses totaled \$378,028 in the latest year.

In order to improve the professionalism of internal audits, auditors are required to participate in internal audit workshops as well as external conferences. Financial staffs are also required to attend training courses organized by the competent authority and other relevant units. The Company's managers and other employees had received the following training in 2014:

Title	Name	Organizer	Course name	Hours	Date
Chairman	Mr. Lin, Tien-Fu	Securities and Futures Development Foundation	The 2014 "Corporate Governance – Corporate Management and Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies" seminar	3 hours	2014/8/25
		Yuanta Financial Holding Co., Ltd.	The Internet Finance	3 hours	2014/4/29
General Manager	Ms. Chou, Hsiao-Ling	Securities and Futures Development Foundation	The 2014 "Corporate Governance – Corporate Management and Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies" seminar	3 hours	2014/8/25
		Yuanta Financial Holding Co., Ltd.	The 2014 Global New Economic Trends	2 hours	2014/2/19
			Korean financial industry and the political and economic condition	2 hours	2014/11/11
Executive Vice President	Mr. Kuo, Yu-Hong	Taiwan Securities Association	2014 Securities Firms Senior Management Workshop	8.5 hours	2014/3/17
		Yuanta Financial Holding Co., Ltd.	The 2014 Global New Economic Trends	2 hours	2014/2/19
			The 2015 Investment Outlook	2 hours	104/1/28
Senior Vice President, Proprietary Trade Dept.	Mr. Lai, Sheng-Tang	Chinese National Futures Association	Advanced level on-job training in futures	15 hours	2014/12/6 2014/12/7
Vice President, Accounting Dept.	Chou, Yu-Cheng	Chinese National Futures Association	Advanced level on-job training in futures	15 hours	2014/5/23 2014/5/24
		Taiwan Securities Association	Continuing education for accounting officers	12 hours	2014/1/8 2014/2/26 2014/4/10 2014/6/11

Title	Name	Organizer	Course name	Hours	Date
Asst VP of Auditing Department	Wu, Wen-Fang	Yuanta Financial Holding Co., Ltd.	Internal education and training of the audit office	3 hours	2014/8/29
		Taiwan Stock Exchange Corporation	2014 Legal and Professional Awareness for Securities Personnel	3 hours	2014/6/25
Senior Asst VP, Compliance Dept,	Chien, Lee-Ling	Yuanta Financial Holding Co., Ltd.	The latest development of insider's trade and enterprise's preventive actions	2.5 hours	2014/7/18
			TWSE/GTSM Article of Incorporation and the operations of the board of directors	2.5 hours	2014/6/20
		Taiwan Stock Exchange Corporation	Audit case study and Discussion and Advocacy Briefing	2.5 hours	2014/4/18
Hsinchu Branch Manager	Wu, Sheng-Wei	Yuanta Financial Holding Co., Ltd.	The 2014 Yuanta Financial Holdings internal instructor training courses	29 hours	2014/2/13 ~ 2014/3/6

Department Employee	Organizer	Course name	Hours	Head count
All registered sales	Chinese National Futures Association	Mandatory on-job training (including futures/consulting/brokerage/proprietary trading)	3 ~ 15 hours	285 persons
	Taiwan Securities Association	Securities on-job training	12 ~ 15 hours	16 persons
Training for new recruits	Securities and Futures Development Foundation	Mandatory orientation for new entrants (including securities and futures/consulting/and brokerage)	9 ~ 12 hours	41 persons
Accounting Department	Taiwan Securities Association	Continuing education for accounting officers	12 hours	1 persons
Network Service Department of the Headquarters / Domestic Juristic Person Department / Consultant colleagues and branch directors	Yuanta Financial Holding Co., Ltd.	The 2014 Yuanta Financial Holdings internal instructor training courses	29 hours	14 persons
Auditors of the Headquarters /Branch Office	Taiwan Stock Exchange Corporation	Audit case study and Discussion and Advocacy Briefing	2.5 hours	8 persons
Compliance Department				1 persons
Auditors of the Headquarters /Branch Office	Taiwan Stock Exchange Corporation	2014 Legal and Professional Awareness for Securities Personnel	2.5 hours	6 persons
Management Department	China Association of Personnel Officers	The 2014 Year-end Party of the Human Resource Department	3.5 hours	1 persons
Kaohsiung Branch	Industrial Safety and Health Association of R.O.C.	Labor Safety Training - First Aid Personnel (Initial Training)	18 hours	1 persons
Taichung Branch	Industrial Safety and Health Association of R.O.C.	Labor Safety Training - First Aid Personnel (Initial Training)	18 hours	1 persons
Hsinchu Branch	Industrial Safety and Health Association of R.O.C.	Labor Safety Training - First Aid Personnel (Initial Training)	18 hours	1 persons
New entrants in 2014	Yuanta Financial Holding Co., Ltd.	Training of labor safety and health for the new entrants in 103	3 hours	26 persons
All employees	Yuanta E-Academy online education and training	Legal & compliance / Anti-Money Laundering /Anti-bribery/Information Safety/Personal Information Protection Act Training in 2014	1 hours	350 persons

Employees' certification:

Certificate and license name	Department Business Department, 54 staffs	Proprietary Trading Department, 29 staffs	Domestic Institutions Department, 8 staffs	Offshore Institutions Department, 8 staffs	Internal Audit Department, 4 staffs	Accounting Department, 6 staffs	Financial Department, 5 staffs	Clearing Department 18	Channel Service Department 13
Certified Public Accountant, R.O.C.	0	0	0	0	0	1	0	0	0
Certified Public Accountant, U.S.	0	0	0	0	0	1	0	0	0
FRM	0	0	1	0	0	0	0	0	0
Futures Practitioner, China	10	1	4	1	1	0	0	3	5
Futures Associated Persons	54	27	8	8	4	6	5	18	13
Futures Trading Analyst	3	6	2	0	0	0	0	0	5
Securities sales personnel	35	4	1	2	0	2	0	8	6
Senior securities sales personnel	14	18	7	4	4	1	3	4	5
Certified Securities Investment Analyst	1	4	0	0	0	0	0	0	2
Certified Securities Investment Trust and Consulting Professional	8	5	1	0	2	0	2	0	3
Trust Personnel	8	7	1	0	1	0	2	1	4
Foreign Currency Personnel	0	1	0	0	0	0	0	0	0
Bond personnel	0	1	0	0	0	0	0	0	0
Bank Internal Control Personnel	1	1	0	0	0	0	0	1	1
Corporate Internal Control Personnel	0	0	0	0	2	0	0	0	0
Certified Financial Planner	2	4	0	0	0	0	2	0	4
Certified Life Insurance Representative	4	2	0	0	1	1	0	0	2
Certified Property Insurance Representative	3	1	0	0	0	0	0	0	0
Bills personnel	0	1	0	0	0	0	0	0	0
Total	143	83	25	15	15	12	14	35	50

3. Pension system: since October 1998, The Company had complied with the Labor Standards Act by contributing 2% of employees' salaries as pension into dedicated accounts opened under the Bank of Taiwan. The Labor Pension Act came into effect since July 1, 2005, and mandated a defined contribution plan. After its implementation, employees were given the option to choose between the pension scheme made available under the "Labor Standards Act", or the pension scheme under the new "Labor Pension Act" while carrying forward their years of service into the new scheme.
 4. Employer/employee agreements and employees' rights: The Company had maintained a harmonic relationship with its employees since inception. It organizes meetings with employees according to its Employer/Employee Meeting Rules as a form of communication and as means for settling disputes.
- (2) Loss deriving from labor-management disputes in the last 2 years to the date this report was printed. Disclose the estimated amount of loss possibly incurred for the time being and in the future, and the measures to respond to the situation. If estimation cannot be made reasonably, specify the fact that estimation cannot be reasonably made: Please refer to page 289 of the annual report.

(3) Working environment and employee personal safety

Item	content
Entrance Security	<ol style="list-style-type: none"> 1. Our office building has Strict access control monitoring system during the daytime and the nighttime. 2. Our company signed the contract with the security firm for the nighttime and holidays to keep the safety of the office.
Equipment maintenance and inspection	<ol style="list-style-type: none"> 1. According to regulations for inspecting and reporting buildings public security, the building management committee appoints the external professional company to conduct public safety inspection every two years. 2. According to Fire Services Act, it is outsourced to conduct the fire- fighting security inspection every year. 3. According to the Company's code of practice in labor safety and health, for every three month the maintenance of dispensers is conducted, for every year the maintenance and inspection of high and low voltage electrical equipment, air conditioning, and fire- fighting devices, etc., and regular check for vehicle by miles.
Disaster prevention and response actions	<ol style="list-style-type: none"> 1. The Company have formulated "Natural Disasters Management Guidelines," "Major Accidental Event Reporting Operating Guidelines," and "Labor Safety and Health Management Rule" to prepare notes for disaster prevention and urgency repair in advance, and reporting procedures of accidents and occupational injuries. Responsibilities and tasks due to major events such as natural disasters, serious injuries, etc. in a sudden. 2. To keep employee safety and health and promote health and safety services, the Company places one Certified Administrator of Occupational Safety and Health affairs - Class A and several First Aid Personnel.
Physical health	<ol style="list-style-type: none"> 1. Physical examination: The Company provides physical examination for new staff and regular health examination every two years in accordance with Labor Safety and Health Act for in-service staff. Psychological counseling and assessment is also provided and the psychological counseling may be requested to the physician as personal wishes. 2. Working environment hygiene: smoking completely prohibited in business areas, and seminar tours are arranged, the office environment is regularly cleaned and disinfected.
Mental health	<ol style="list-style-type: none"> 1. Education and Training: Stress (emotion) management course, communication skills course, and innovative thinking course are arranged, feature seminars for employees' mental accommodation and strengthening competence are held, and e-learning is provided. 2. Opinions delivery: establish an employees' dedicated block on the website; provide employees' opinions discussion area, suggestion area, application form and user manuals download area, legal pieces, learning are, and training announcement area; provide channels for employees' opinions delivery, emotion outlets, and interactive learning. 3. Sexual harassment prevention: Ratify the "Guideline on sexual harassment prevention, complaint, and discipline."
Insurance and medical condolences	<ol style="list-style-type: none"> 1. The Company provides labor insurance (covering occupational injuries insurance) and health insurance for employees as required by law. The Company finds the other insurance company to provide employees and their dependents accident insurance, medical insurance cancer insurance, etc. at preferential rates. 2. The Company have all employees insured against accidents on duty with insurance coverage 10 million NTD as the compensation for employees or the heirs due to work related disabilities or death. 3. Provide preferential allowance and subsidies for injuries and death of the employee as well as injuries and death of the employee's spouse and children.

VI. Major contracts

(1) Yuanta Futures Co., Ltd.

Date of information: January 31, 2015

Contract nature	Participants	Contract start and end dates	Main contents	Restrictive clauses
Leasing agreement on real properties (leasing)	Yuanta Securities Co., Ltd. Polaris	April 1, 2012 ~ March 31, 2015	Lease the space in 11~12F of Tatung Building for housing the Head Office of futures operation, Taipei Business Department, Proprietary Trade Department, and related departments and offices.	General legal principle
Lease agreement on equipment	CHT HiNet Internet Service	November 1, 2012 ~ October 31, 2017	Lease agreement on leasing the space of CHT HiNet machine room, network, and maintenance service.	None
Maintenance agreement on IT hardware	IBM Taiwan	July 26, 2012 ~ December 31, 2015	IBM Maintenance Agreement on Hardware	None
General trade contract	Logiscalis Singapore Pte. Ltd. Taiwan Branch	February 20, 2014 ~ June 20, 2017	Remote engine room construction and procurement contract	General trade contract

(2) Yuanta Futures (Hong Kong) Co., Ltd.

Date of information: January 31, 2015

Contract nature	Participants	Contract start and end dates	Main contents	Restrictive clauses
Lease agreement on equipment	CHT HiNet Internet Service	from September 17, 2012 till now	Lease agreement on leasing the space of CHT HiNet machine room, network, and maintenance service.	None
service contract	Polaris Securities (Hong Kong) Ltd	from May 31, 2013 till now	The human support and consultation such as human resource, IT technology, and legal compliance, etc. are provided by Yuanta Securities (Hong Kong) Ltd.	the interested party

Six. Financial summary

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

(I) Summary balance sheet and comprehensive income statement

1. Summary balance sheet

Unit: NTD thousand

Year		Consolidated financial information for the latest 5 years (Note 1)				
Item		2010	2011	2012	2013	2014 (Note 2)
Current assets		-	-	37,449,016	35,378,071	36,003,882
property , plant, and equipment		-	-	136,960	120,415	80,954
Intangible assets		-	-	40,421	40,694	41,599
Other assets		-	-	1,448,346	1,627,340	1,599,554
Total assets		-	-	39,074,743	37,166,520	37,725,989
Current liabilities	Before dividend distribution	-	-	32,407,867	30,118,667	30,273,556
	After dividend distribution	-	-	32,823,641	30,599,479	0
Non-current liabilities		-	-	40,517	42,788	38,841
Total liabilities	Before dividend distribution	-	-	32,448,384	30,161,455	30,273,556
	After dividend distribution	-	-	32,864,158	30,642,267	0
Attributable to owners of the parent company		-	-	6,626,359	7,005,065	7,452,433
Share capital		-	-	2,322,763	2,322,763	2,322,763
Capital reserve	Before dividend distribution	-	-	1,999,045	1,940,976	1,940,976
	After dividend distribution	-	-	1,940,976	0	0
Retained earnings	Before dividend distribution	-	-	1,858,813	2,156,969	2,551,359
	After dividend distribution	-	-	1,501,108	1,676,157	0
Other equity		-	-	445,738	584,357	637,335
Treasury stock		-	-	0	0	0
non-controlling interests		-	-	0	0	0
Total equity	Before dividend distribution	-	-	6,626,359	7,005,065	7,452,433
	After dividend distribution	-	-	6,210,585	6,524,253	0

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

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

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

Note 2: As of the date this report was printed, the proposal for the distribution of earnings in 2014 has not been passed by the General Meeting of shareholders.

Unit: NTD thousand

Item \ Year		Separate financial information in the last five years (Note 1)				
		2010	2011	2012	2013	2014 (Note 2)
Current assets		-	-	37,226,337	35,102,718	35,797,043
<u>property, plant, and equipment</u>		-	-	136,960	116,594	79,803
Intangible assets		-	-	40,421	40,694	34,522
Other assets		-	-	1,670,595	1,844,258	1,808,984
Total assets		-	-	39,074,313	37,104,264	37,720,352
Current liabilities	Before dividend distribution	-	-	32,407,437	30,056,411	30,229,078
	After dividend distribution	-	-	32,823,211	30,537,223	0
<u>Non-current liabilities</u>		-	-	40,517	42,788	38,841
Total liabilities	Before dividend distribution	-	-	32,447,954	30,099,199	30,267,919
	After dividend distribution	-	-	32,863,728	30,580,011	0
<u>Attributable to owners of the parent company</u>		-	-	6,626,359	7,005,065	7,452,433
Share capital		-	-	2,322,763	2,322,763	2,322,763
Capital reserve	Before dividend distribution	-	-	1,999,045	1,940,976	1,940,976
	After dividend distribution	-	-	1,940,976	0	0
Retained earnings	Before dividend distribution	-	-	1,858,813	2,156,969	2,551,359
	After dividend distribution	-	-	1,501,108	1,676,157	0
<u>Other equity</u>		-	-	445,738	584,357	637,335
<u>Treasury stock</u>		-	-	0	0	0
<u>non-controlling interests</u>		-	-	0	0	0
Total equity	Before dividend distribution	-	-	6,626,359	7,005,065	7,452,433
	After dividend distribution	-	-	6,210,585	6,524,253	0

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

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

Note 2: As of the date this report was printed, the proposal for the distribution of earnings in 2014 has not been passed by the General Meeting of shareholders.

2. Summary comprehensive income statement

Unit: NTD thousand

Item \ Year	Consolidated financial information for the latest 5 years (Note 1)				
	2010	2011	2012	2013	2014
Operating revenues	-	-	2,748,028	2,396,759	2,274,034
Operating gross profit	-	-	1,404,110	1,241,706	1,160,488
Operating gains and losses	-	-	248,999	225,979	227,323
Non-operating revenues and expenses	-	-	455,934	550,221	772,168
Earnings before tax	-	-	704,933	776,200	999,491
Current pre-tax profit from continuing operations	-	-	593,731	653,867	870,605
gain(loss) from discontinued operations	-	-	0	0	0
Current period net profit (loss)	-	-	593,731	653,867	870,605
Other comprehensive income for the period (post-tax profit or loss)	-	-	58,733	140,613	57,575
Total comprehensive income for the period	-	-	652,464	794,480	928,180
Net income attributable to owners of the parent company	-	-	534,431	653,867	870,605
Net income attributable to non-controlling interests	-	-	59,300	0	0
Total comprehensive income attributable to owners of the parent company	-	-	593,164	794,480	928,180
Total comprehensive income attributable to non-controlling interests	-	-	59,300	0	0
Base earnings per share (Note 2)	-	-	2.56	2.82	3.75

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

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

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

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

Unit: NTD thousand

Item \ Year	Separate financial information in the last five years (Note 1)				
	2010	2011	2012	2013	2014
Operating revenues	-	-	2,748,026	2,393,399	2,269,734
Operating gross profit	-	-	1,404,108	1,238,493	1,156,340
Operating gains and losses	-	-	251,751	240,389	249,363
Non-operating revenues and expenses	-	-	453,182	535,811	750,128
Earnings before tax	-	-	704,933	776,200	999,491
Current pre-tax profit from continuing operations	-	-	593,731	653,867	870,605
gain(loss) from discontinued operations	-	-	0	0	0
Current period net profit (loss)	-	-	593,731	653,867	870,605
Other comprehensive income for the period (post-tax profit or loss)	-	-	58,733	140,613	57,575
Total comprehensive income for the period	-	-	652,464	794,480	928,180
Net income attributable to owners of the parent company	-	-	534,431	653,867	870,605
Net income attributable to non-controlling interests	-	-	59,300	0	0
Total comprehensive income attributable to owners of the parent company	-	-	593,164	794,480	928,180
Total comprehensive income attributable to non-controlling interests	-	-	59,300	0	0
Base earnings per share (Note 2)	-	-	2.56	2.82	3.75

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

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

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

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

1. Condense balance sheets - Taiwan financial reporting standards

Unit: NTD thousand

Year		The parent company's financial information within five years (Note 1)				
Item		2010	2011 (Note 2)	2012	2013	2014
Current assets		18,898,125	39,118,396	37,230,559	-	-
Funds and investments		314,714	533,105	612,046	-	-
Fixed assets		107,731	134,834	161,339	-	-
Intangible assets		8,247	18,789	40,421	-	-
Other assets		458,106	761,838	570,177	-	-
Total assets		19,786,923	40,566,962	38,614,542	-	-
Current liabilities	Before dividend distribution	16,596,358	34,260,543	32,403,127	-	-
	After dividend distribution	16,803,775	34,866,269	32,818,901	-	-
Long term liabilities		0	0	1,320	-	-
Other liabilities		331,090	155,935	89,989	-	-
Total liabilities	Before dividend distribution	16,927,448	34,416,478	32,494,436	-	-
	After dividend distribution	17,134,865	35,022,204	32,910,210	-	-
Share capital		1,312,763	1,312,763	2,322,763	-	-
Capital reserve	Before dividend distribution	407,633	407,633	2,007,777	-	-
	After dividend distribution	407,633	407,633	1,949,708	-	-
Retained earnings	Before dividend distribution	1,139,079	1,600,046	1,809,389	-	-
	After dividend distribution	931,662	1,285,508	1,451,684	-	-
Unrealized gain/loss on financial instrument		0	0	-1,839	-	-
Cumulative translation adjustments		0	-11,673	-17,984	-	-
Predecessor Equity under joint controls		0	2,841,715	0	-	-
Total shareholders' equity	Before dividend distribution	2,859,475	6,150,484	6,120,106	-	-
	After dividend distribution	2,652,058	5,544,758	5,704,332	-	-

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

Note 2: As required by law, the accounting of reorganization of the subsidiaries of the same business group through joint control of merger and share swap shall be taken as the entity being merged from the beginning in preparing comparative financial statements, and the financial statements covering previous period shall be recompiled. As such, the financial statements in 2011 shall be based on the recompilation of the audited financial statements of Polaris Futures and of Yuanta Futures covering the same period.

Unit: NTD thousand

Item	Year	The parent company's and subsidiaries' financial information within five years (Note 1)				
		2010	2011 (Note 2)	2012	2013	2014
Current assets		18,898,125	39,299,985	37,453,238	-	-
Funds and investments		314,714	351,571	388,955	-	-
Fixed assets		107,731	134,834	162,022	-	-
Intangible assets		8,247	18,789	40,421	-	-
Other assets		458,106	761,838	570,336	-	-
Total assets		19,786,923	40,567,017	38,614,972	-	-
Current liabilities	Before dividend distribution	16,596,358	34,260,598	32,403,557	-	-
	After dividend distribution	16,803,775	34,575,136	32,819,331	-	-
Long term liabilities		0	0	1,320	-	-
Other liabilities		331,090	155,935	89,989	-	-
Total liabilities	Before dividend distribution	16,927,448	34,416,533	32,494,866	-	-
	After dividend distribution	17,134,865	34,731,071	32,910,640	-	-
Share capital		1,312,763	1,312,763	2,322,763	-	-
Capital reserve	Before dividend distribution	407,633	407,633	2,007,777	-	-
	After dividend distribution	407,633	407,633	1,949,708	-	-
Retained earnings	Before dividend distribution	1,139,079	1,600,046	1,809,389	-	-
	After dividend distribution	931,662	1,285,508	1,451,684	-	-
Unrealized gain/loss on financial instrument		0	0	-1,839	-	-
Cumulative translation adjustments		0	-11,673	-17,984	-	-
Predecessor Equity under joint controls		0	2,841,715	0	-	-
Total shareholders' equity	Before dividend distribution	2,859,475	6,150,484	6,120,106	-	-
	After dividend distribution	2,652,058	5,535,946	5,704,332	-	-

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

Note 2: As required by law, the accounting of reorganization of the subsidiaries of the same business group through joint control of merger and share swap shall be taken as the entity being merged from the beginning in preparing comparative financial statements, and the financial statements covering previous period shall be recompiled. As such, the financial statements in 2011 shall be based on the recompilation of the audited financial statements of Polaris Futures and of Yuanta Futures covering the same period.

2. Condense statements of income - Taiwan financial reporting standards

Unit: NTD thousand

Item	Year	The parent company's financial information within five years (Note 1)				
		2010	2011 (Note 2)	2012	2013	2014
Operating revenues		2,589,809	5,591,738	3,567,794	-	-
Operating gross profit		1,059,149	1,508,175	1,431,002	-	-
Operating gains and losses		211,361	379,397	268,862	-	-
Non-operating revenues and gains		203,059	275,265	488,703	-	-
Non-operating expenses and losses		48,958	21,725	64,528	-	-
Net profit before tax from continuing operations		365,462	632,937	693,037	-	-
Net profit from continuing operations		297,444	555,572	583,498	-	-
Gains and losses from discontinued operations		0	0	0	-	-
Extraordinary gains and losses		0	0	0	-	-
Cumulative effects of changes in accounting policies		0	0	0	-	-
Current period profit (loss)		297,444	555,572	583,498	-	-
Basic earnings per share (\$)(Note 3)		2.26	3.56	2.51	-	-

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

Note 2: As required by law, the accounting of reorganization of the subsidiaries of the same business group through joint control of merger and share swap shall be taken as the entity being merged from the beginning in preparing comparative financial statements, and the financial statements covering previous period shall be recompiled. As such, the financial statements in 2011 shall be based on the recompilation of the audited financial statements of Polaris Futures and of Yuanta Futures covering the same period.

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

Unit: NTD thousand

Item	Year	The parent company's and subsidiaries' financial information within five years (Note 1)				
		2010	2011 (Note 2)	2012	2013	2014
Operating revenues		2,589,809	5,591,738	3,567,796	-	-
Operating gross profit		1,059,149	1,508,175	1,431,004	-	-
Operating gains and losses		211,361	378,847	266,109	-	-
Non-operating revenues and gains		203,059	275,703	489,697	-	-
Non-operating expenses and losses		48,958	21,613	62,769	-	-
Net profit before tax from continuing operations		365,462	632,937	693,037	-	-
Net profit from continuing operations		297,444	555,572	583,498	-	-
Gains and losses from discontinued operations		0	0	0	-	-
Extraordinary gains and losses		0	0	0	-	-
Cumulative effects of changes in accounting policies		0	0	0	-	-
Current period profit (loss)		297,444	555,572	583,498	-	-
Basic earnings per share (\$) (Note 3)		2.26	3.56	2.51	-	-

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

Note 2: As required by law, the accounting of reorganization of the subsidiaries of the same business group through joint control of merger and share swap shall be taken as the entity being merged from the beginning in preparing comparative financial statements, and the financial statements covering previous period shall be recompiled. As such, the financial statements in 2011 shall be based on the recompilation of the audited financial statements of Polaris Futures and of Yuanta Futures covering the same period.

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

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

Year	Name of auditor	Auditor's firm	Audit opinion
2010	Jih-Sheng Chiu, Jih-Lung Lin	First Horwath & Company, CPAs	Modified unqualified opinion
2011	Jih-Sheng Chiu, Jih-Lung Lin	First Horwath & Company, CPAs	Modified unqualified opinion
2012	Sai-Kai Lin, Hsiu-Ling Lee	PwC Taiwan	Modified unqualified opinion
2013	Sai-Kai Lin, Hsiu-Ling Lee	PwC Taiwan	Modified unqualified opinion
2014	Sai-Kai Lin, Hsiu-Ling Lee	PwC Taiwan	Unqualified opinion

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

(1) Financial analysis

Items of analysis		Consolidated financial analysis for the latest 5 years (Note 1)				
		2010	2011	2012	2013	2014
Financial structure %	Debt to assets ratio	-	-	83.04	81.15	80.25
	Ratio of long-term capital to <u>property, plant and equipment</u>	-	-	4867.75	5852.97	9253.74
Solvency %	Current ratio	-	-	115.56	117.46	119.08
	Liquid ratio	-	-	115.53	117.43	119.07
	Interest coverage ratio	-	-	0	0	0
Profitability	Return on assets (%)	-	-	1.49	1.72	2.32
	Return on equity (%)	-	-	9.29	9.59	12.04
	<u>Ratio (%) of net income before tax to paid-in capital</u>	-	-	30.35	33.42	43.03
	Net profit margin (%)	-	-	21.61	27.28	38.28
	Earnings per share (\$) (Notes 2 and 3)	-	-	2.56	2.82	3.75
Cash flow (Note 4)	Cash flow ratio (%)	-	-	1.74	2.58	2.00
	Cash flow adequacy ratio (%)	-	-	122.82	132.60	115.92
	Cash flow reinvestment ratio (%)	-	-	0.22	4.28	1.64
Special purpose ratios (%)	Shareholders' equity to adjusted total liabilities ratio	-	-	1938.44	2525.78	2201.17
	Shareholders' equity to minimum paid-up capital ratio	-	-	556.84	596.18	634.25
	Adjusted net capital to required margins on futures traders' outstanding position	-	-	127.8	132.21	143.25

Variations exceeding 20% in the last 2 years (unnecessary for variations less than 20%)

Ratio of long-term capital to property, plant and equipment: It was due to the decrease of property, plant and equipment over the previous period.

Return on Assets: It was due to the increase of net income over the previous period.

Return on equity: It was due to the increase of net income over the previous period.

Pre-tax profits to paid-up capital ratio: It was due to the increase of net income before tax over the previous period.

Net profit margin: It was due to the increase of non-operating profit over the previous period.

Earnings per share: It was due to the increase of net income over the previous period.

Cash flow ratio: Due to decrease in the cash flow from the operating activity for the period compared to the prior period.

Cash reinvestment ratio: It was due to the decrease of net cash inflow from operating activities over the previous period and the increase of cash dividends over the previous period.

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

*The financial information adopting International Financial Reporting Standards is not over 5 years; therefore,

the below table of financial information adopting Taiwan financial reporting standards is provided otherwise.

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

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

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

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

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

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

The formula of the various analyses are defined below:

1. Financial structure

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

2. Solvency

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

3. Profitability

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

4. Cash flow

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

5. Special purpose ratios:

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

Items of analysis \ Year		Individual financial analysis within five years (Note 1)				
		2010	2011	2012	2013	2014
Financial structure %	Debt to assets ratio	-	-	83.04	81.12	80.24
	Ratio of long-term capital to <u>property, plant and equipment</u>	-	-	4867.75	6044.78	9387.21
Solvency %	Current ratio	-	-	114.87	116.79	118.42
	Liquid ratio	-	-	114.85	116.76	118.41
	Interest coverage ratio	-	-	0	0	0
Profitability	Return on assets (%)	-	-	1.49	1.72	2.33
	Return on equity (%)	-	-	9.29	9.59	12.04
	<u>Ratio (%) of net income before tax to paid-in capital</u>	-	-	30.35	33.42	43.03
	Net profit margin (%)	-	-	21.61	27.32	38.36
	Earnings per share (\$) (Notes 2 and 3)	-	-	2.56	2.82	3.75
Cash flow (Note 4)	Cash flow ratio (%)	-	-	1.75	2.62	2.05
	Cash flow adequacy ratio (%)	-	-	128.89	138.60	122.72
	Cash flow reinvestment ratio (%)	-	-	0.25	4.41	1.82
Special purpose ratios (%)	Shareholders' equity to adjusted total liabilities ratio	-	-	1940.05	2539.24	2211.75
	Shareholders' equity to minimum paid-up capital ratio	-	-	556.84	596.18	634.25
	Adjusted net capital to required margins on futures traders' outstanding position	-	-	127.80	149.55	143.25

Variations exceeding 20% in the last 2 years (unnecessary for variations less than 20%)

Ratio of long-term capital to property, plant and equipment: It was due to the decrease of property, plant and equipment over the previous period.

Return on Assets: It was due to the increase of net income over the previous period.

Return on equity: It was due to the increase of net income over the previous period.

Pre-tax profits to paid-up capital ratio: It was due to the increase of net income before tax over the previous period.

Net profit margin: It was due to the increase of non-operating profit over the previous period.

Earnings per share: It was due to the increase of net income over the previous period.

Cash flow ratio: Due to decrease in the cash flow from the operating activity for the period compared to the prior period.

Cash reinvestment ratio: It was due to the decrease of net cash inflow from operating activities over the previous period and the increase of cash dividends over the previous period.

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

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

Note 2: Earnings per share is calculated based on the weighted average number of ordinary shares outstanding.

Retrospective calculations are made for any shares issued against capitalized earnings and reserves.

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

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

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

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

The formula of the various analyses are defined below:

1. Financial structure
 - (1) The ratio of total liabilities to total assets = total liabilities / total assets
 - (2) Ratio of long-term capital to property, plant and equipment = (Total equities + noncurrent liabilities) / property, plant and equipment.
2. Solvency
 - Current ratio = current assets / current liabilities.
 - (2) Quick ratio = (current assets – inventories – prepaid expense) / current liabilities
 - (3) Interest coverage ratio = net profit before interest and tax / interest expenses for the current period.
3. Profitability
 - (1) Ratio or return on total assets = post-tax profit or loss / average total assets
 - (2) Return on shareholders' equity = after tax net profit / total average equity.
 - (3) Profit ratio = net income / net sales
 - (4) Earnings per share = (profits or loss attributable to owners of the parent company – preferred stock dividend) / weighted average stock shares issued
4. Cash flow
 - (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
 - (2) Cash flow adequacy ratio = net cash flow from operating activities within five years / (capital expenditure + inventory increase + cash dividend) within five years
 - (3) Cash re-investment ratio = (net cash flow from operating activity – cash dividend) / (gross property, plant, and equipment + long-term investment + other noncurrent assets + working capital)
5. Special purpose ratios:
 - (1) Shareholders' equity to total liabilities ratio = shareholders' equity / (total liabilities - futures traders' equity - provision for trading loss - provision for settlement default).
 - (2) Shareholders' equity to minimum paid-up capital ratio = shareholders' equity / minimum paid-up capital.
 - (3) Ratio of the adjusted net capital amount to the total customer margin amount for the futures trader's un-offset position = Adjusted net capital / Total customer's margin amount for the futures trader's un-offset position

(2) Financial analysis - Taiwan financial reporting standards

Items of analysis		Year	The parent company's financial analysis within five years (Note 1)				
			2010	2011	2012	2013	2014
Financial structure %	Debt to assets ratio		84.31	84.84	84.15	-	-
	Long term capital as a percentage of fixed assets		2,654.27	4,561.52	3,794.14	-	-
Solvency %	Current ratio		113.87	114.18	114.90	-	-
	Liquid ratio		113.85	114.16	114.87	-	-
	Interest coverage ratio		0	0	0	-	-
Profitability	Return on assets (%)		1.53	1.88	1.53	-	-
	Return on shareholders' equity (%)		10.51	12.33	9.51	-	-
	As a percentage of paid up capital (%)	Operating profit	16.10	28.90	11.58	-	-
		Pre-tax net profit	27.84	48.21	29.84	-	-
	Net profit margin (%)		10.65	9.47	14.38	-	-
	Base earnings per share (\$) (Note 2, 3)		2.26	3.56	2.51	-	-
Cash flow (Note 4)	Cash flow ratio (%)		1.81	1.28	3.31	-	-
	Cash flow adequacy ratio (%)		154.31	123.53	143.55	-	-
	Cash flow reinvestment ratio (%)		1.75	3.64	7.38	-	-
Special purpose ratios (%)	Shareholders' equity to adjusted total liabilities ratio		649.19	1,139.99	1,577.19	-	-
	Shareholders' equity to minimum paid-up capital ratio		243.36	523.45	514.29	-	-
	Adjusted net capital to required margins on futures traders' outstanding position		121.10	147.90	127.80	-	-

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

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

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

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

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

- ① Net cash flow from operating activities is taken from the net cash flow from operating activities presented in the cash flow statement.

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

The formula of the various analyses are defined below:

1. Financial structure
 - (1) The ratio of total liabilities to total assets = total liabilities / total assets
 - (2) Ratio of long-term capital to property, plant and equipment = (Total equities + noncurrent liabilities) / property, plant and equipment.
2. Solvency
 - (1) Current ratio = current assets / current liabilities.
 - (2) Quick ratio = (current assets – inventories – prepaid expense) / current liabilities
 - (3) Interest coverage ratio = net profit before interest and tax / interest expenses for the current period.
3. Profitability
 - (1) Return on assets = (after tax net profit + interest expenses x (1 - tax rate)) / average asset balance.
 - (2) Return on shareholders' equity = after tax net profit / total average equity.
 - (3) Profit ratio = net income / net sales
 - (4) Earnings per share = (profits or loss attributable to owners of the parent company – preferred stock dividend) / weighted average stock shares issued
4. Cash flow
 - (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
 - (2) Cash flow adequacy ratio = net cash flow from operating activities within five years / (capital expenditure + inventory increase + cash dividend) within five years
 - (3) Cash re-investment ratio = (net cash flow from operating activity – cash dividend) / (gross property, plant, and equipment + long-term investment + other noncurrent assets + working capital)
5. Special purpose ratios:
 - (1) Shareholders' equity to total liabilities ratio = shareholders' equity / (total liabilities - futures traders' equity - provision for trading loss - provision for settlement default).
 - (2) Shareholders' equity to minimum paid-up capital ratio = shareholders' equity / minimum paid-up capital.
 - (3) Ratio of the adjusted net capital amount to the total customer margin amount for the futures trader's un-offset position = Adjusted net capital / Total customer's margin amount for the futures trader's un-offset position

Items of analysis \ Year		The parent company's and subsidiaries' financial analysis within five years (Note 1)				
		2010	2011	2012	2013	2014
Financial structure %	Debt to assets ratio	84.31	84.84	84.15	-	-
	Long term capital as a percentage of fixed assets	2,654.27	4,561.52	3,778.14	-	-
Solvency %	Current ratio	113.87	114.71	115.58	-	-
	Liquid ratio	113.85	114.69	115.56	-	-
	Interest coverage ratio	0	0	0	-	-
Profitability	Return on assets (%)	1.53	1.88	1.53	-	-
	Return on shareholders' equity (%)	10.51	12.33	9.51	-	-
	As a percentage of operating profit	16.10	28.86	11.46	-	-
	paid up Pre-tax net profit (%)	27.84	48.21	29.84	-	-
	Net profit margin (%)	10.65	9.47	14.38	-	-
	Base earnings per share (\$) (Note 2, 3)	2.26	3.56	2.51	-	-
Cash flow (Note 4)	Cash flow ratio (%)	1.81	1.28	3.32	-	-
	Cash flow adequacy ratio (%)	154.31	123.51	147.41	-	-
	Cash flow reinvestment ratio (%)	1.75	3.63	7.46	-	-
Special purpose ratios (%)	Shareholders' equity to adjusted total liabilities ratio	649.19	1,139.87	1,576.04	-	-
	Shareholders' equity to minimum paid-up capital ratio	243.36	523.45	514.29	-	-
	Adjusted net capital to required margins on futures traders' outstanding position	121.10	147.90	127.80	-	-

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

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

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

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

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

- ① Net cash flow from operating activities is taken from the net cash flow from operating activities presented in the cash flow statement.

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

The formula of the various analyses are defined below:

1. Financial structure
 - (1) The ratio of total liabilities to total assets = $\text{total liabilities} / \text{total assets}$
 - (2) Ratio of long-term capital to property, plant and equipment = $(\text{Total equities} + \text{noncurrent liabilities}) / \text{property, plant and equipment}$.
2. Solvency
 - (1) Current ratio = $\text{current assets} / \text{current liabilities}$.
 - (2) Quick ratio = $(\text{current assets} - \text{inventories} - \text{prepaid expense}) / \text{current liabilities}$
 - (3) Interest coverage ratio = $\text{net profit before interest and tax} / \text{interest expenses for the current period}$.
3. Profitability
 - (1) Return on assets = $(\text{after tax net profit} + \text{interest expenses} \times (1 - \text{tax rate})) / \text{average asset balance}$.
 - (2) Return on shareholders' equity = $\text{after tax net profit} / \text{total average equity}$.
 - (3) Profit ratio = $\text{net income} / \text{net sales}$
 - (4) Earnings per share = $(\text{profits or loss attributable to owners of the parent company} - \text{preferred stock dividend}) / \text{weighted average stock shares issued}$
4. Cash flow
 - (1) Cash flow ratio = $\text{net cash flow from operating activities} / \text{current liabilities}$.
 - (2) Cash flow adequacy ratio = $\text{net cash flow from operating activities within five years} / (\text{capital expenditure} + \text{inventory increase} + \text{cash dividend}) \text{ within five years}$
 - (3) Cash re-investment ratio = $(\text{net cash flow from operating activity} - \text{cash dividend}) / (\text{gross } \underline{\text{property, plant, and equipment}} + \text{long-term investment} + \text{other } \underline{\text{noncurrent}} \text{ assets} + \text{working capital})$
5. Special purpose ratios:
 - (1) Shareholders' equity to total liabilities ratio = $\text{shareholders' equity} / (\text{total liabilities} - \text{futures traders' equity} - \text{provision for trading loss} - \text{provision for settlement default})$.
 - (2) Shareholders' equity to minimum paid-up capital ratio = $\text{shareholders' equity} / \text{minimum paid-up capital}$.
 - (3) Ratio of the adjusted net capital amount to the total customer margin amount for the futures trader's un-offset position = $\text{Adjusted net capital} / \text{Total customer's margin amount for the futures trader's un-offset position}$

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

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

For the Company's 2014 consolidated financial statements, financial statements and the 2014 business report and statement of retained earnings presented by the board of directors, in which, the financial statements were audited by CPA Sekai Lin and CPA Xiou-Ling Li of PricewaterhouseCoopers with an adjusted unqualified opinion stated in the independent auditor's report.

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

Best regards

The 2015 Annual General Meeting of Yuanta Futures Co., Ltd.

The Audit Committee of Yuanta Futures Co., Ltd.

Convener Mr. Lay, Kuen-Horn

March 25, 2015

- IV. Latest financial statements: refer to pages 151~216 of this annual report.
- V. The Company's individual financial statements audited and certified by a certified public accountant in the most recent fiscal year. Please refer to page 217 ~279 of the annual report.
- VI. If the company or any of its affiliated companies had, in the recent 2 years up until the publishing of this annual report, experienced financial distress, the impacts to the company's financial status must be disclosed: none.

Yuanta Futures Co., Ltd.
The Affiliate's Declaration of Consolidated Financial Statements

The companies to be included in the affiliate's 2014 (from January 1, 2014 to December 31, 2014) consolidated financial statements in accordance with Article 35 of the "Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants" and "Regulations Governing the Preparation of Affiliate's Consolidated Business Reports, Affiliate's Consolidated Financial Reports, and Relationship Reports" are the same as the companies to be included in the parent company-subsidary consolidated financial statements in accordance with Article 27 of the "International Accounting Standards." Moreover, the information that should be disclosed in the affiliate's consolidated financial statements has been disclosed in the parent company-subsidary consolidated financial statements; therefore, the affiliate's consolidated financial statements will not be prepared separately.

Declared by:

Company name: Yuanta Futures Co., Ltd.

Chairman: Mr. Lin, Tien-Fu

March 25, 2015

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

PWCR14000339

To the Board of Directors and Stockholders of Yuanta Futures Co., Ltd.

We have audited the accompanying consolidated balance sheets of Yuanta Futures Co., Ltd. (formerly Polaris Futures Co., Ltd.) and its subsidiaries as of December 31, 2014 and 2013, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Yuanta Futures Co., Ltd. and its subsidiaries as of December 31, 2014 and 2013, and their financial performance and cash flows for the years then ended in conformity with the "Rules Governing the Preparation of Financial Statements by Futures Commission Merchants" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

PricewaterhouseCoopers, Taiwan

March 25, 2015

The accompanying consolidated financial statements are not intended to present the financial position and financial performance and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such consolidated financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the consolidated financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

YUANTA FUTURES CO., LTD. AND SUBSIDIARIES
(FORMERLY POLARIS FUTURES CO., LTD. AND SUBSIDIARIES)
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

ASSETS	Notes	December 31, 2014		December 31, 2013	
		AMOUNT	%	AMOUNT	%
Current assets					
Cash and cash equivalents	6(1) and 7	\$ 5,644,233	15	\$ 5,222,284	14
Financial assets at fair value through profit or loss - current	6(2) and 11	123,052	-	10,059	-
Available-for-sale financial assets - current	6(4)	52,151	-	28,440	-
Held-to-maturity financial assets - current	6(5)	30,614	-	29,644	-
Margin deposits	6(3) and 7	30,087,385	80	29,973,105	81
Futures trading margin receivable		16	-	-	-
Notes receivable		-	-	162	-
Accounts receivable		9,735	-	2,923	-
Accounts receivable - related parties	7	4,982	-	2,944	-
Prepayments		4,642	-	10,880	-
Other receivables		38,838	-	31,762	-
Other receivables - related parties	7	7,776	-	65,486	-
Current income tax assets		453	-	366	-
Other current assets		5	-	16	-
Subtotal current assets		36,003,882	95	35,378,071	95
Non-current assets					
Available-for-sale financial assets - non-current	6(4)	899,218	3	911,235	3
Equity investments accounted for under the equity method	6(6)	9,326	-	10,564	-
Property and equipment	6(9)	80,954	-	120,415	-
Intangible assets	6(10)	41,599	-	40,694	-
Deferred income tax assets	6(26)	7,461	-	8,436	-
Operating guarantee deposits	6(7) and 7	185,000	1	185,000	1
Clearing and settlement funds	6(8)	479,669	1	490,030	1
Refundable deposits	7	10,961	-	13,065	-
Deferred assets		-	-	1,199	-
Prepayment for equipments		7,919	-	7,811	-
Subtotal non-current assets		1,722,107	5	1,788,449	5
Total assets		\$ 37,725,989	100	\$ 37,166,520	100

(Continued)

YUANTA FUTURES CO., LTD. AND SUBSIDIARIES
(FORMERLY POLARIS FUTURES CO., LTD. AND SUBSIDIARIES)
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

LIABILITIES AND EQUITY	Notes	December 31, 2014		December 31, 2013	
		AMOUNT	%	AMOUNT	%
Current liabilities					
Financial liabilities at fair value through profit or loss - current	11	\$ 5,989	-	\$ 1,178	-
Futures traders' equity	6(3) and 7	29,934,989	79	29,884,112	81
Accounts payable		92,968	-	47,771	-
Accounts payable - related parties	7	25,285	-	16,750	-
Collection for third parties		4,974	-	3,529	-
Other payables		144,603	1	145,039	-
Other payables - related parties	7	466	-	183	-
Current income tax liabilities		17,493	-	14,331	-
Other current liabilities		7,948	-	5,774	-
Subtotal current liabilities		<u>30,234,715</u>	<u>80</u>	<u>30,118,667</u>	<u>81</u>
Non-current liabilities					
Provision - non-current	6(11)	34,133	-	40,830	-
Deferred income tax liabilities	6(26)	4,708	-	1,958	-
Subtotal non-current liabilities		<u>38,841</u>	<u>-</u>	<u>42,788</u>	<u>-</u>
Total liabilities		<u>30,273,556</u>	<u>80</u>	<u>30,161,455</u>	<u>81</u>
Equity attributable to owners of the parent company					
Capital	6(12)				
Common stock		2,322,763	6	2,322,763	6
Additional paid-in capital	6(13)				
Capital surplus		1,940,976	5	1,940,976	5
Retained earnings					
Legal reserve	6(15)	474,475	1	409,088	1
Special reserve	6(14)	1,200,965	3	1,090,016	3
Undistributed earnings	6(15)	875,919	3	657,865	2
Other equity	6(16)				
Other equity interest		637,335	2	584,357	2
Total equity		<u>7,452,433</u>	<u>20</u>	<u>7,005,065</u>	<u>19</u>
Total liabilities and equity		<u>\$ 37,725,989</u>	<u>100</u>	<u>\$ 37,166,520</u>	<u>100</u>

The accompanying notes are an integral part of these consolidated financial statements.

YUANTA FUTURES CO., LTD. AND SUBSIDIARIES
(FORMERLY POLARIS MF FUTURES CO., LTD. AND SUBSIDIARIES)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share)

		For the years ended December 31			
		2014		2013	
	Notes	AMOUNT	%	AMOUNT	%
Revenues					
Brokerage	6(17) and 7	\$ 2,052,421	90	\$ 2,176,024	91
Loss on trading of securities	6(18)	(13,051)	-	-	-
Dividend income		10,137	1	-	-
Gain on valuation of trading securities		4,076	-	-	-
Securities commission revenue	7	3,588	-	2,679	-
Clearance fee from consignment	6(19) and 7	97,032	4	77,220	3
Net gain on disposal of derivative financial instruments	6(2)(20)	111,567	5	125,584	5
Futures management fee revenues		52	-	445	-
Futures advisory revenues		7,077	-	11,458	1
Other operating revenues		1,135	-	3,349	-
Total revenues		<u>2,274,034</u>	<u>100</u>	<u>2,396,759</u>	<u>100</u>
Costs and expenses					
Brokerage fee	6(21)	(351,358)	(15)	(344,115)	(14)
Dealer handling fee	6(21)	(11,153)	(1)	(18,524)	(1)
Interest expense		(15,158)	(1)	(21,467)	(1)
Futures commission	6(22) and 7	(413,141)	(18)	(462,377)	(19)
Clearance fee		(322,736)	(14)	(308,570)	(13)
Employee benefit expense	6(24)	(492,176)	(22)	(515,608)	(22)
Depreciation and amortization	6(23)	(72,903)	(3)	(87,306)	(4)
Other operating expenses	6(23)	(368,086)	(16)	(412,813)	(17)
Total costs and expenses		<u>(2,046,711)</u>	<u>(90)</u>	<u>(2,170,780)</u>	<u>(91)</u>
Operating income		<u>227,323</u>	<u>10</u>	<u>225,979</u>	<u>9</u>
Share of the profit or loss of associates and joint ventures accounted for using the equity method	6(6)	(1,238)	-	(4,150)	-
Other gains and losses	6(25)	<u>773,406</u>	<u>34</u>	<u>554,371</u>	<u>23</u>
Income before income tax		<u>999,491</u>	<u>44</u>	<u>776,200</u>	<u>32</u>
Income tax	6(26)	(128,886)	(6)	(122,333)	(5)
Net income		<u>870,605</u>	<u>38</u>	<u>653,867</u>	<u>27</u>

(Continued)

YUANTA FUTURES CO., LTD. AND SUBSIDIARIES
(FORMERLY POLARIS MF FUTURES CO., LTD. AND SUBSIDIARIES)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share)

		For the years ended December 31			
		2014		2013	
	Notes	AMOUNT	%	AMOUNT	%
Other comprehensive income					
Translation gain and loss on the financial statements of foreign operating entities	6(16)	\$ 11,029	1	\$ 5,670	-
Unrealized gain or loss on available-for-sale financial assets	6(4)(16)	41,949	2	132,949	6
Actuarial net gain of defined benefit plans	6(11)	5,538	-	2,402	-
Income tax charge relating to components of other comprehensive income	6(26)	(941)	-	(408)	-
Total other comprehensive income (net of tax)		<u>57,575</u>	<u>3</u>	<u>140,613</u>	<u>6</u>
Total comprehensive income		<u>\$ 928,180</u>	<u>41</u>	<u>\$ 794,480</u>	<u>33</u>
Consolidated net income attributable to:					
Owners of the parent		<u>\$ 870,605</u>	<u>38</u>	<u>\$ 653,867</u>	<u>27</u>
Consolidated comprehensive income attributable to:					
Owners of the parent		<u>\$ 928,180</u>	<u>41</u>	<u>\$ 794,480</u>	<u>33</u>
Earnings per share (in New Taiwan Dollars)					
Basic earnings per share	6(27)	<u>\$ 3.75</u>		<u>\$ 2.82</u>	
Diluted earnings per share		<u>\$ 3.75</u>		<u>\$ 2.81</u>	

The accompanying notes are an integral part of these consolidated financial statements.

YUANTA FUTURES CO., LTD. AND SUBSIDIARIES
(FORMERLY POLARIS MF FUTURES CO., LTD. AND SUBSIDIARIES)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

	Notes	Equity attributable to owners of the parent								Total equity
		Capital Surplus			Retained Earnings			Other equity interest		
		Common stock	Paid-in capital in excess of par value	Paid-in capital from business merger	Legal reserve	Special reserve	Undistributed earnings	Translation gain and loss on the financial statements of foreign operating entities	Unrealized gain on available-for-sale financial assets	
<u>For the year ended December 31, 2013</u>										
Balance, January 1, 2013	6(12)	\$ 2,322,763	\$ 1,952,712	\$ 46,333	\$ 356,697	\$ 977,083	\$ 525,033	(\$ 17,984)	\$ 463,722	\$ 6,626,359
Appropriations of 2012 earnings:	6(15)									
Legal reserve		-	-	-	52,391	-	(52,391)	-	-	-
Special reserve		-	-	-	-	112,933	(112,933)	-	-	-
Cash dividends		-	-	-	-	-	(357,705)	-	-	(357,705)
Changes in other capital surplus										
Distribution of cash from capital reserve		-	(58,069)	-	-	-	-	-	-	(58,069)
Net income for 2013		-	-	-	-	-	653,867	-	-	653,867
Other comprehensive income for 2013	6(4)(16)	-	-	-	-	-	1,994	5,670	132,949	140,613
Balance, December 31, 2013		<u>\$ 2,322,763</u>	<u>\$ 1,894,643</u>	<u>\$ 46,333</u>	<u>\$ 409,088</u>	<u>\$ 1,090,016</u>	<u>\$ 657,865</u>	<u>(\$ 12,314)</u>	<u>\$ 596,671</u>	<u>\$ 7,005,065</u>
<u>For the year ended December 31, 2014</u>										
Balance, January 1, 2014	6(12)	\$ 2,322,763	\$ 1,894,643	\$ 46,333	\$ 409,088	\$ 1,090,016	\$ 657,865	(\$ 12,314)	\$ 596,671	\$ 7,005,065
Appropriations of 2013 earnings:	6(15)									
Legal reserve		-	-	-	65,387	-	(65,387)	-	-	-
Special reserve		-	-	-	-	130,774	(130,774)	-	-	-
Reversal of special reserve		-	-	-	-	(19,825)	19,825	-	-	-
Cash dividends		-	-	-	-	-	(480,812)	-	-	(480,812)
Net income for 2014		-	-	-	-	-	870,605	-	-	870,605
Other comprehensive income for 2014	6(4)(16)	-	-	-	-	-	4,597	11,029	41,949	57,575
Balance, December 31, 2014		<u>\$ 2,322,763</u>	<u>\$ 1,894,643</u>	<u>\$ 46,333</u>	<u>\$ 474,475</u>	<u>\$ 1,200,965</u>	<u>\$ 875,919</u>	<u>(\$ 1,285)</u>	<u>\$ 638,620</u>	<u>\$ 7,452,433</u>

The accompanying notes are an integral part of these consolidated financial statements.

YUANTA FUTURES CO., LTD. AND SUBSIDIARIES
(FORMERLY POLARIS MF FUTURES CO., LTD. AND SUBSIDIARIES)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31	
		2014	2013
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Income before income tax		\$ 999,491	\$ 776,200
Adjustments to reconcile income before income tax to net cash provided by operating activities			
Income and expenses having no effect on cash flows			
Depreciation	6(23)	59,330	68,012
Amortization	6(23)	13,573	19,294
Interest income	6(25)	(416,406)	(402,550)
Interest expense		15,158	21,467
(Gain) loss on disposal of available-for-sale financial assets	6(25)	(278,912)	3,421
Share of the profit or loss of associates and joint ventures accounted for using the equity method		1,238	4,150
Gain on disposal of property and equipment		1,618	-
Prepayments for equipment transferred to expenses		96	-
Dividend income		(38,548)	(58,959)
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		(112,993)	21,561
Margin deposits		(114,280)	2,249,644
Futures trading margin receivable		(16)	25
Notes receivable		162	(162)
Accounts receivable		(6,812)	991
Accounts receivable - related parties		(2,038)	9,558
Prepayments		6,238	(2,983)
Other receivables		(271)	24,833
Other receivables - related parties		59,859	(55,682)
Other current assets		11	4
Net changes in liabilities relating to operating activities			
Financial liabilities at fair value through profit or loss - current		4,811	(9,134)
Futures traders' equity		50,877	(2,222,432)
Accounts payable		45,197	(18,688)
Accounts payable - related parties		8,535	(7,673)
Collection for third parties		1,445	(1,886)
Other payables		3,682	41,921
Other payables - related parties		86	183
Other current liabilities		2,174	774
Provision - non-current		(1,159)	2,307
Cash generated from operations		302,146	464,196
Interest received		407,398	399,237
Income tax paid		(123,027)	(121,255)
Dividend received		38,548	58,959
Interest paid		(19,079)	(23,506)
Net cash provided by operating activities		605,986	777,631

(Continued)

YUANTA FUTURES CO., LTD. AND SUBSIDIARIES
(FORMERLY POLARIS MF FUTURES CO., LTD. AND SUBSIDIARIES)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31	
		2014	2013
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of available-for-sale financial assets		(\$ 50,362)	(\$ 40,116)
Proceeds from disposal of available-for-sale financial assets		359,529	116,955
Decrease (increase) in held-to-maturity financial assets		162	(29,215)
Decrease in investments accounted for under the equity method		-	58,243
Acquisition of property and equipment	6(9)	(12,674)	(31,278)
Proceeds from disposal of property and equipment		450	-
Increase in intangible assets	6(10)	(1,400)	(1,184)
Decrease in operating guarantee deposits		-	10,000
Decrease (increase) in clearing and settlement funds		10,361	(162,932)
Decrease in refundable deposits		2,104	2,705
Increase in prepayments for equipment		(19,744)	(15,048)
Net cash provided by (used in) investing activities		<u>288,426</u>	<u>(91,870)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITY</u>			
Payments of cash dividends	6(15)	(480,812)	(470,979)
Effect of changes in foreign exchange rates		<u>8,349</u>	<u>4,587</u>
Increase in cash and cash equivalents		421,949	219,369
Cash and cash equivalents at beginning of year		<u>5,222,284</u>	<u>5,002,915</u>
Cash and cash equivalents at end of year		<u>\$ 5,644,233</u>	<u>\$ 5,222,284</u>

The accompanying notes are an integral part of these consolidated financial statements.

YUANTA FUTURES CO., LTD. AND SUBSIDIARIES
(FORMERLY POLARIS MF FUTURES CO., LTD. AND SUBSIDIARIES)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Indicated)

1. History and Organization

(1) Yuanta Futures Co., Ltd. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China (R.O.C.) and started its operations on April 9, 1997. The Company merged with "Refco Taiwan Co., Ltd." on September 1, 2003 and was renamed as "Polaris Refco Futures Co., Ltd.". As of 2005, on account of changes in foreign shareholders, an extraordinary shareholders' meeting was held on February 15, 2006, and resolved to change its name to "Polaris MF Futures Co., Ltd." as approved by the Ministry of Economics.

On October 6, 2011, the Board of Directors of Polaris MF Futures Co., Ltd. decided to merge with Yuanta Futures Co., Ltd. In relation to the share conversion with Yuanta Futures Co., Ltd. in accordance with Gin-Gwen-Zheng-Qi Letter No. 1000052507, the Company can exchange its common shares using a ratio of 1.01 share to 1 share of Yuanta Futures common share. Both parties agreed to set April 1, 2012 as the merger date. The Company has also obtained the approval to change its name to "Yuanta Futures Co., Ltd."

(2) The Company and its subsidiaries (collectively referred herein as "the Group") is primarily engaged in onshore and offshore futures brokerage business, futures dealing, futures consulting, futures business management, securities dealing, and a variety of futures related businesses approved by the competent authority. As of December 31, 2014, the Company had 5 branches.

(3) As of December 31, 2014, the Group had approximately 350 employees.

2. The date of authorization for issuance of the financial statements and procedures for authorization

These consolidated financial statements were authorized for issuance by the Board of Directors on March 25, 2015.

3. Application of new standards, amendments and interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC").

None.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

According to Financial-Supervisory-Securities-Auditing No. 1030010325 issued on April 3, 2014, commencing 2015, companies with shares listed on the TWSE or traded on the Taiwan GreTai Securities Market or Emerging Stock Market shall adopt the 2013 version of IFRS (not including IFRS 9, 'Financial instruments') as endorsed by the FSC and the "Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants" effective January 1, 2015 (collectively referred herein as the "2013 version of IFRSs") in preparing the consolidated financial statements. The related new standards, interpretations and amendments are listed below:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Limited exemption from comparative IFRS 7 disclosures for first-time adopters(amendment to IFRS 1)	July 1, 2010
Severe hyperinflation and removal of fixed dates for first-time adopters (amendment to IFRS 1)	July 1, 2011
Government loans (amendment to IFRS 1)	January 1, 2013
Disclosures — Transfers of financial assets (amendment to IFRS 7)	July 1, 2011
Disclosures — Offsetting financial assets and financial liabilities(amendment to IFRS 7)	January 1, 2013
IFRS 10, ‘Consolidated financial statements’	January 1, 2013 (Investment entities: January 1, 2014)
IFRS 11, ‘Joint arrangements’	January 1, 2013
IFRS 12, ‘Disclosure of interests in other entities’	January 1, 2013
IFRS 13, ‘Fair value measurement’	January 1, 2013
Presentation of items of other comprehensive income (amendment to IAS 1)	July 1, 2012
Deferred tax: recovery of underlying assets (amendment to IAS 12)	January 1, 2012
IAS 19 (revised), ‘Employee benefits’	January 1, 2013
IAS 27, ‘Separate financial statements’ (as amended in 2011)	January 1, 2013
IAS 28, ‘Investments in associates and joint ventures’(as amended in 2011)	January 1, 2013
Offsetting financial assets and financial liabilities (amendment to IAS 32)	January 1, 2014
IFRIC 20, ‘Stripping costs in the production phase of a surface mine’	January 1, 2013
Improvements to IFRSs 2010	January 1, 2011
Improvements to IFRSs 2009 — 2011	January 1, 2013

Based on the Group’s assessment, the adoption of the 2013 version of IFRS has no significant impact on the consolidated financial statements of the Group, except for the following:

A. IAS 19 (revised), ‘Employee benefits’

In the revised standard, net interest, calculated by applying the discount rate to the net defined benefit liability (asset), is used to replace the finance charge and expected return on plan assets prior to amendment. Past service cost shall be recognized in the period incurred and no longer be recognized as an expense on a straight-line basis over the average period. An entity shall not only recognise termination benefits at the earlier of when the entity can no longer withdraw an offer of those benefits and when it recognises any related restructuring costs but also recognize termination benefits as a liability and an expense when it is demonstrably committed to relevant termination. Besides, the revised standard requires additional disclosures of defined benefit plan.

The Group expected to recognise previously unrecognised past service cost by increasing “Provision - non-current” by \$5,838 and \$5,307 , increasing “Deferred income tax

assets” by \$993 and \$902 and decreasing “Undistributed earnings” by \$4,845 and \$4,405 at January 1, 2014 and December 31, 2014, respectively; “Employee benefit expense” would be decreased by \$530 and “Income tax” would be increased by \$90 for the year ended December 31, 2014.

B. IAS 1, ‘Presentation of financial statements’

The amendment requires entities to separate items presented in OCI classified by nature into two groups on the basis of whether they are potentially reclassifiable to profit or loss subsequently when specific conditions are met. If the items are presented before tax then the tax related to each of the two groups of OCI items (those that might be reclassified and those that will not be reclassified) must be shown separately. Accordingly, the Group will adjust its presentation of the statement of comprehensive income.

C. IFRS 13, ‘Fair value measurement’

The standard defines fair value, sets out a framework for measuring fair value, and requires disclosures about fair value measurements. Based on the Group’s assessment, the adoption of the standard has no significant impact on its consolidated financial statements, and the Group will disclose additional information about fair value measurements accordingly.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the 2013 version of IFRS as endorsed by the FSC:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
IFRS 9, ‘Financial instruments’	January 1, 2018
Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	January 1, 2016
Investment entities: applying the consolidation exception (amendments to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016
Accounting for acquisition of interests in joint operations (amendments to IFRS 11)	January 1, 2016
IFRIC 14, ‘Regulatory deferral accounts’	January 1, 2016
IFRS 15, ‘Revenue from contracts with customers’	January 1, 2017
Disclosure initiative (amendments to IAS 1)	January 1, 2016
Clarification of acceptable methods of depreciation and amortisation (amendments to IAS 16 and IAS 38)	January 1, 2016
Agriculture: bearer plants (amendments to IAS 16 and IAS 41)	January 1, 2016
Services related contributions from employees or third parties (amendments to IAS 19R)	July 1, 2014
Equity method in separate financial statements (amendments to IAS 27)	January 1, 2016
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	January 1, 2014
IFRIC 21, ‘Levies’	January 1, 2014

Improvements to IFRSs 2010-2012	July 1, 2014
Improvements to IFRSs 2011-2013	July 1, 2014
Improvements to IFRSs 2012-2014	January 1, 2016

The Group is assessing the potential impact of the new standards, interpretations and amendments above and has not yet been able to reliably estimate their impact on the consolidated financial statements.

4. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants” and IAS 34, ‘Interim Financial Reporting’ as endorsed by the FSC.

(2) Basis of preparation

A. Except for the following items, these consolidated financial statements have been prepared under the historical cost convention:

- (A) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- (B) Available-for-sale financial assets measured at fair value.
- (C) Defined benefit liabilities recognised based on the net amount of pension fund assets plus unrecognised past service cost and present value of defined benefit obligation.

B. The preparation of financial statements in compliance with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- (A) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies. In general, control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. The existence and effect of potential voting rights that are currently exercisable or convertible have been considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.
- (B) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Note
			December 31, 2014	December 31, 2013	
The Company	Yuanta Futures (Hong Kong) Limited	Financial services	100	100	
The Company	SYF Information Limited	Information technology services	100	100	
SYF Information Limited	SYF Information (Samoa)Limited	Investment holding	100	100	
SYF Information (Samoa)Limited	SYF Information (Shanghai) Limited	Information technology services	100	100	

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Nature and extent of the restrictions on fund remittance from subsidiaries to the parent company: None.

(4)Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

(A) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(B) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(C) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the consolidated balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the consolidated balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(D) Foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

The operating results and financial position of all the group entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (A) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that consolidated balance sheet;
- (B) Income and expenses for each consolidated statement of comprehensive income are translated at average exchange rates of that period; and
- (C) All resulting exchange differences are recognised in other comprehensive income.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

- (A) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
- (B) Assets held mainly for trading purposes;
- (C) Assets that are expected to be realised within twelve months from the balance sheet date;
- (D) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

Assets that do not meet aforesaid criteria are all classified as non-current assets by the Group.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

- (A) Liabilities that are expected to be paid off within the normal operating cycle;
- (B) Liabilities arising mainly from trading activities;
- (C) Liabilities that are to be paid off within twelve months from the balance sheet date;
- (D) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the consolidated balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Liabilities that do not meet aforesaid criteria are all classified as non-current liabilities.

(6) Cash equivalents

Cash and cash equivalents include petty cash, checking accounts, demand deposits and short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

(7) Financial assets at fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets held for trading. Financial assets are classified in this category of held for trading if acquired principally

for the purpose of selling in the short-term. Derivatives are also categorized as financial assets held for trading unless they are designated as hedges.

- B. On a regular way purchase or sale basis, financial assets held for trading are recognised and derecognised using trade date accounting.
- C. Financial assets at fair value through profit or loss are initially recognised at fair value. Related transaction costs are expensed in profit or loss. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognised in profit or loss.

(8) Available-for-sale financial assets

- A. Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.
- B. On a regular way purchase or sale basis, available-for-sale financial assets are recognised and derecognised using trade date accounting.
- C. Available-for-sale financial assets are initially recognised at fair value plus transaction costs. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognised in other comprehensive income.

(9) Held-to-maturity financial assets

- A. Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturity date that the Group has the positive intention and ability to hold to maturity other than those that meet the definition of loans and receivables and those that are designated as at fair value through profit or loss or as available-for-sale on initial recognition.
- B. On a regular way purchase or sale basis, held-to-maturity financial assets are recognised and derecognised using trade date accounting.
- C. Held-to-maturity financial assets are initially recognised at fair value on the trade date plus transaction costs and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Amortisation of a premium or a discount on such assets is recognised in profit or loss.

(10) Margin deposits

In accordance with the Rules Governing Futures Commission Merchants, margin deposits accounts refer to the guarantee deposits and premiums collected from the futures customers, and the spread is calculated based on daily market price.

(11) Futures traders' equity / Futures trading margin receivable

Futures traders' equity is the trading margin/premiums deposited by customers and the difference of daily close-market balance. Futures traders' equity is shown under current liabilities. It cannot be offset except for the same customer with the same category of accounts. If payable to customer does not occur, it should be classified as futures trading margin receivable.

(12) Loans and receivables

Accounts receivable are loans and receivables originated by the entity. They are created by the

entity by selling goods or providing services to customers in the ordinary course of business. Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. However, short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as effect of discounting is immaterial.

(13) Impairment of financial assets

- A. The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.
- B. The criteria that the Group uses to determine whether there is objective evidence of an impairment loss is as follows:
 - (A) Significant financial difficulty of the issuer or debtor;
 - (B) A breach of contract, such as a default or delinquency in interest or principal payments;
 - (C) The Group, for economic or legal reasons relating to the borrower's financial difficulty, granted the borrower a concession that a lender would not otherwise consider;
 - (D) It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
 - (E) The disappearance of an active market for that financial asset because of financial difficulties;
 - (F) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial asset in the group, including adverse changes in the payment status of borrowers in the group or national or local economic conditions that correlate with defaults on the assets in the group;
 - (G) Information about significant changes with an adverse effect that have taken place in the technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered;
 - (H) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.
- C. When the Group assesses that there has been objective evidence of impairment and an impairment loss has occurred, accounting for impairment is made as follows according to the category of financial assets:
 - (A) Financial assets measured at amortised cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate, and is recognised in profit or loss. If, in a subsequent period, the

amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortised cost that would have been at the date of reversal had the impairment loss not been recognised previously. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(B) Available-for-sale financial assets

The amount of the impairment loss is measured as the difference between the asset's acquisition cost (less any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, and is reclassified from 'other comprehensive income' to 'profit or loss'. If, in a subsequent period, the fair value of an investment in a debt instrument increases, and the increase can be related objectively to an event occurring after the impairment loss was recognised, then such impairment loss is reversed through profit or loss. Impairment loss of an investment in an equity instrument recognised in profit or loss shall not be reversed through profit or loss. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(14) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(15) Investments accounted for using equity method / associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity that are not recognised in profit or loss or other comprehensive income of the associate and such changes not affecting the Group's ownership percentage of the associate, the Group recognizes change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

- E. When the Group disposes its investment in an associate, if it loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it still retains significant influence over this associate, then the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- F. When the Group disposes its investment in an associate, if it loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it still retains significant influence over this associate, then the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(16) Property and equipment

- A. Property and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Equipment applies cost model and is depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of various fixed assets are all 3~6 years.

(17) Leased assets/ leases (lessee)

Payments made under an operating lease (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the lease term.

(18) Intangible assets

A. Membership in a foreign Futures Exchange

Membership in a foreign Futures Exchange is stated at acquisition cost and regarded as having an indefinite useful life as it was assessed to generate continuous net cash inflow in the foreseeable future. Membership in a foreign Futures Exchange is not amortised, but is tested annually for impairment.

B. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 years.

(19) Impairment of non-financial assets

A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

B. The recoverable amounts of intangible assets with an indefinite useful life shall be evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

(20) Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Any changes in the fair value are recognised in profit or loss.

(21) Financial liabilities at fair value through profit or loss

A. Financial liabilities at fair value through profit or loss are financial liabilities held for trading. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorized as financial liabilities held for trading unless they are designated as hedges.

B. Financial liabilities at fair value through profit or loss are initially recognised at fair value. Related transaction costs are expensed in profit or loss. These financial liabilities are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial liabilities are recognised in profit or loss.

(22) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(23) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expenses in that period when the employees render service.

B. Pensions

(A) Defined contribution plans

For defined contribution plans, the Group pays fixed contributions to an independent, publicly

or privately administered pension fund. The Group has no further legal or constructive obligations once the contributions have been paid. The contributions are recognised as pension expenses when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(B) Defined benefit plans

- a. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the consolidated balance sheet date less the fair value of plan assets, together with adjustments for unrecognised past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds (at the consolidated balance sheet date).
- b. Actuarial gains and losses arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise.
- c. Past service costs are recognised immediately in profit or loss if vested immediately; if not, the past service costs are amortised on a straight-line basis over the vesting period.

(C) Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognizes termination benefits when it is demonstrably committed to a termination, when it has a detailed formal plan to terminate the employment of current employees and when it can no longer withdraw the plan. In the case of an offer made by the Group to encourage voluntary termination of employment, the termination benefits are recognised as expenses only when it is probable that the employees are expected to accept the offer and the number of the employees taking the offer can be reliably estimated. Benefits falling due more than 12 months after balance sheet date are discounted to their present value.

(D) Employees' bonus and directors' and supervisors' remuneration

Employees' bonus and directors' and supervisors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal obligation or constructive obligation and those amounts can be reliably estimated. However, if the accrued amounts for employees' bonus and directors' and supervisors' remuneration are different from the actual distributed amounts as resolved by the stockholders at their stockholders' meeting subsequently, the differences should be recognised based on the accounting for changes in estimates. The Group calculates the number of shares of employees' stock bonus based on the fair value per share at the previous day of the stockholders' meeting held in the year following the financial reporting year, and after taking into account the effects of ex-rights and ex-dividends.

(24) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.
- D. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each consolidated balance sheet date, unrecognised and recognised deferred income tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(25) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities.

(26) Revenue recognition

- A. Brokerage fee income: Service fee income that is generated from futures merchants exercising futures transaction is recognized on the date of settlement.

- B. Security commission revenue: Commission revenues that are generated from the operation of securities introducing broker business by futures commission merchants. These income are recognised on an accrual basis under the agreed terms.
- C. Entrusted clearing settlement service fee: Service fee income that is generated by future merchants who has the qualification of clearing membership while exercising clearing settlement transaction is recognised on the date of futures transaction.
- D. Derivative instrument net income
 - (A)Futures contract gains or losses : The margin of futures trading is recognized at cost and measured through mark-to-market accounting. The gains or losses from mark-to-market, reversed futures trading or settled contracts are recognized as gains or losses in the current period.
 - (B)Options trading : The deposit of options trading is recognized at cost and assessed monthly through mark-to-market valuation before the obligation is fulfilled. Any gain and loss occurring due to the option exercise is recognized as gain and loss in the period.
- E. Futures management fees revenues, supervisory income and brokerage income : These incomes are recognized on an accrual basis under the agreed terms.
- F. Interest income : All of the interest income of financial instruments are calculated using the effective interest rate.

(27) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. Critical accounting judgement, estimates and key sources of assumption uncertainty

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1)Critical judgements in applying the Group's accounting policies

Financial assets—impairment of equity investments

The Group follows the guidance of IAS 39 to determine whether a financial asset—equity investment is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an equity investment is less than its cost and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

(2)Critical accounting estimates and assumptions

A. Impairment assessment of intangible assets

The Group assesses impairment based on its subjective judgement and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilised and industrial characteristics. Any changes of economic circumstances or estimates due to the change of Group strategy might cause material impairment on assets in the future.

B. Calculation of accrued pension obligations

When calculating the present value of defined pension obligations, the Group must apply judgements and estimates to determine the actuarial assumptions on consolidated balance sheet date, including discount rates and expected rate of return on plan assets. Any changes in these assumptions could significantly impact the carrying amount of defined pension obligations. Please refer to Note 6(11).

C. Financial assets - fair value measurement of unlisted stocks without active market

The fair value of unlisted stocks held by the Group that are not traded in an active market is determined considering those companies' recent funding raising activities and technical development status, fair value assessment of other companies of the same type, market conditions and other economic indicators existing on balance sheet date. Any changes in these judgements and estimates will impact the fair value measurement of these unlisted stocks. Please refer to Note 19(3) for the financial instruments fair value information.

6. Details of significant accounts

(1)Cash and cash equivalents

	December 31, 2014	December 31, 2013
Petty cash	\$ 112	\$ 107
Cash in bank		
Checking deposits	17	15
Demand deposits	249,055	102,772
Time deposits	4,603,327	4,086,661
Subtotal	4,852,511	4,189,555
Futures margin deposits	590,388	524,395
Commercial paper (expiring within three months)	201,334	508,334
	<u>\$ 5,644,233</u>	<u>\$ 5,222,284</u>

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote. The Group's maximum exposure to credit risk at consolidated balance sheet date is the carrying amount of all cash and cash equivalents.

B. The Group has no cash and cash equivalents pledged to others.

(2)Financial assets at fair value through profit or loss

	December 31, 2014	December 31, 2013
Financial assets held for trading		
Listed stocks	\$ 79,740	\$ -
Non-hedging derivatives	29,711	10,059

Beneficiary certificates	10,000	-
	119,451	10,059
Valuation adjustment	3,601	-
	<u>\$ 123,052</u>	<u>\$ 10,059</u>

A. The Group recognised net gain of \$112,612 and \$124,656 on financial assets held for trading for the years ended December 31, 2014 and 2013, respectively.

B. The non-hedging derivative instrument transactions and contract information are as follows:

	December 31, 2014	December 31, 2013
Futures contracts	\$ 22,394	\$ 8,801
Options contracts	7,317	1,258
	<u>\$ 29,711</u>	<u>\$ 10,059</u>

C. Futures

The Group entered into futures contracts to earn the spread. As of December 31, 2014 and 2013, margin deposits for these contracts were \$612,782 and \$533,196, respectively, with excess margin of \$590,388 and \$524,395, and recognized in “cash and cash equivalents”, respectively.

D. The Group has no financial assets at fair value through profit or loss pledged to others.

(3) Margin deposits /Futures traders’ equity

	December 31, 2014	December 31, 2013
Margin deposits by customers:		
Cash in banks	\$ 24,224,436	\$ 24,270,994
Clearing house	4,654,335	4,548,350
Other futures commission merchants	1,208,614	1,153,761
Total	<u>30,087,385</u>	<u>29,973,105</u>
Less: Fees of revenue pending for transfer (	142,545 ) (	82,043)
Futures exchange tax pending for transfer	(1,932 ) (	1,188)
Temporary receipts	(3,434 ) (	3,809)
Others	(4,485 ) (	1,953)
Futures traders’ equity	<u>\$ 29,934,989</u>	<u>\$ 29,884,112</u>

(4) Available-for-sale financial assets

Items	December 31, 2014	December 31, 2013
Current items:		
Listed stocks	\$ 50,362	\$ -
Exchange traded funds	-	29,938
Valuation adjustment	1,789	(1,498)
Total	<u>\$ 52,151</u>	<u>\$ 28,440</u>
Non-current items:		
Listed stocks	\$ 41,255	\$ 41,255
Non-Listed stocks	221,132	271,811
Subtotal	<u>262,387</u>	<u>313,066</u>
Valuation adjustment	<u>636,831</u>	<u>598,169</u>

Total	\$	899,218	\$	911,235
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The Group recognised \$41,949 and \$132,949 in other comprehensive income for fair value change for the years ended December 31, 2014 and 2013, respectively.

(5)Held-to-maturity financial assets

	December 31, 2014	December 31, 2013
Financial bonds	\$ 30,614	\$ 29,644

The Group recognised interest income of \$923 and \$10 for amortised cost in profit or loss for the years ended December 31, 2014 and 2013, respectively.

(6)Investments accounted for using equity method

A. Details of long-term equity investments are as follows:

Investee company	December 31, 2014		December 31, 2013	
	Amount	Ownership (%)	Amount	Ownership (%)
MF Global Investment Consulting Company	\$ 9,326	33.33%	\$ 10,564	33.33%

B. The financial information of the Group's principal associates is summarized below:

Name of company	Location	December 31, 2014		For the year ended December 31, 2014	
		Assets	Liabilities	Revenue	Profit and loss
MF Global Investment Consulting Company	Taiwan	\$ 28,316	\$ 335	\$ 173	(\$ 3,714)

Name of company	Location	December 31, 2013		For the year ended December 31, 2013	
		Assets	Liabilities	Revenue	Profit and loss
MF Global Investment Consulting Company	Taiwan	\$ 148,246	\$ 116,551	\$ 27,247	(\$ 12,450)

(A) Global Holdings Ltd. has managed and transferred 'MF Global Multi-Strategy Futures Trust Fund' to Yuanta Securities Investment Trust Company on October 14, 2013, and has registered for renaming as MF Global Investment Consulting Company on October 28, 2013. The registration was approved by the Taipei City Government on January 3, 2014.

(B) Furthermore, a return of share capital by eliminating 25,900 thousand shares was approved at the interim shareholders' meeting on November 1, 2013, and December 23 was set to be the record date for capital reduction. The Company acquired returned share capital amounting to \$58,243.

C. The investment loss recognised under the equity method were \$1,238 and \$4,150 for the years ended December 31, 2014 and 2013, respectively.

(7)Operating guarantee deposits

The annual interest rates of operating guarantee deposits that were provided as time deposits

maturing within one-year in Yuanta Bank as of December 31, 2014 and 2013 were all 1.36 %. Details of the pledged assets are provided in Note 8.

(8)Clearing and settlement funds

The Company exercises clearing and settlement transactions in accordance with the criteria of clearing membership's regulation of the Taiwan Futures Exchange. Before exercising clearing and settlement transaction, the Company should deposit \$40,000. After one year, the amount that should be deposited could be decreased to \$30,000 and the Company could deposit settlement and clearing fund through an appropriation method and an amount that is regulated by the Taiwan Futures Exchange. Every additional entrusting futures merchant performing settlement and clearing transaction, should deposit settlement and clearing fund of \$3,000 before entrusting. Every branch established that performs futures transactions or every additional entrusting futures introducing broker by clearing member or every branch established by such futures introducing broker, should deposit another \$1,000 settlement and clearing fund to the Taiwan Futures Exchange.

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(9)Property and equipment

	Equipment	Leasehold improvements	Total
At January 1, 2014			
Cost	\$ 142,521	\$ 86,827	\$ 229,348
Accumulated depreciation	(72,780)	(36,153)	(108,933)
	<u>\$ 69,741</u>	<u>\$ 50,674</u>	<u>\$ 120,415</u>
For the year ended December 31, 2014			
Opening net book amount	\$ 69,741	\$ 50,674	\$ 120,415
Additions	10,113	2,561	12,674
Reclassifications	9,166	-	9,166
Disposals (cost)	(29,812)	(8,916)	(38,728)
Disposals (accumulated depreciation)	29,447	7,137	36,584
Depreciation expense	(32,427)	(26,903)	(59,330)
Net exchange	59	114	173
Closing net book amount	<u>\$ 56,287</u>	<u>\$ 24,667</u>	<u>\$ 80,954</u>
At December 31, 2014			
Cost	\$ 132,075	\$ 80,670	\$ 212,745
Accumulated depreciation	(75,788)	(56,003)	(131,791)
	<u>\$ 56,287</u>	<u>\$ 24,667</u>	<u>\$ 80,954</u>

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	Equipment	Leasehold improvements	Total
At January 1, 2013			
Cost	\$ 185,441	\$ 99,302	\$ 284,743
Accumulated depreciation	(104,796)	(42,987)	(147,783)
	<u>\$ 80,645</u>	<u>\$ 56,315</u>	<u>\$ 136,960</u>
For the year ended December 31, 2013			
Opening net book amount	\$ 80,645	\$ 56,315	\$ 136,960
Additions	19,406	11,872	31,278
Reclassifications	6,125	14,038	20,163
Disposals (cost)	(68,461)	(38,407)	(106,868)
Disposals (accumulated depreciation)	68,461	38,407	106,868
Depreciation expense	(36,443)	(31,569)	(68,012)
Net exchange	8	18	26
Closing net book amount	<u>\$ 69,741</u>	<u>\$ 50,674</u>	<u>\$ 120,415</u>
At December 31, 2013			
Cost	\$ 142,521	\$ 86,827	\$ 229,348
Accumulated depreciation	(72,780)	(36,153)	(108,933)
	<u>\$ 69,741</u>	<u>\$ 50,674</u>	<u>\$ 120,415</u>

(10) Intangible assets

	Membership in a foreign Futures Exchange	Others	Total
At January 1, 2014			
Cost	\$ 24,125	\$ 40,516	\$ 64,641
Accumulated amortisation	-	(24,131)	(24,131)
Net exchange	184	-	184
	<u>\$ 24,309</u>	<u>\$ 16,385</u>	<u>\$ 40,694</u>
For the year ended December 31, 2014			
Opening net book amount	\$ 24,309	\$ 16,385	\$ 40,694
Additions - acquired separately	-	1,400	1,400
Reclassifications	-	10,374	10,374
Disposals (cost)	-	(22,525)	(22,525)
Disposals (accumulated amortisation)	-	22,525	22,525
Amortisation expense	-	(12,374)	(12,374)
Net exchange	1,505	-	1,505
Closing net book amount	<u>\$ 25,814</u>	<u>\$ 15,785</u>	<u>\$ 41,599</u>
At December 31, 2014			
Cost	\$ 24,125	\$ 29,765	\$ 53,890
Accumulated amortisation	-	(13,980)	(13,980)
Net exchange	1,689	-	1,689
	<u>\$ 25,814</u>	<u>\$ 15,785</u>	<u>\$ 41,599</u>

	Membership in a foreign Futures Exchange	Others	Total
At January 1, 2013			
Cost	\$ 24,125	\$ 87,931	\$ 112,056
Accumulated amortisation	-	(71,195)	(71,195)
Net exchange	(440)	-	(440)
	<u>\$ 23,685</u>	<u>\$ 16,736</u>	<u>\$ 40,421</u>
For the year ended December 31, 2013			
Opening net book amount	\$ 23,685	\$ 16,736	\$ 40,421
Additions - acquired separately	-	1,184	1,184
Reclassifications	-	12,150	12,150
Disposals (cost)	-	(60,749)	(60,749)
Disposals (accumulated amortisation)	-	60,749	60,749
Amortisation expense	-	(13,685)	(13,685)
Net exchange	624	-	624
Closing net book amount	<u>\$ 24,309</u>	<u>\$ 16,385</u>	<u>\$ 40,694</u>
At December 31, 2013			
Cost	\$ 24,125	\$ 40,516	\$ 64,641
Accumulated amortisation	-	(24,131)	(24,131)
Net exchange	184	-	184
	<u>\$ 24,309</u>	<u>\$ 16,385</u>	<u>\$ 40,694</u>

(11) Pension

A.(A)The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee.

(b) The amounts recognised in the balance sheet are determined as follows:

	December 31, 2014	December 31, 2013
Present value of funded obligations	\$ 55,842	\$ 66,900
Fair value of plan assets	(19,807)	(22,872)
	36,035	44,028
Unrecognised past service cost	(5,307)	(5,838)
Net liability in the consolidated balance sheet	<u>\$ 30,728</u>	<u>\$ 38,190</u>

(c) Changes in present value of funded obligations are as follows:

	2014	2013
Present value of defined benefit obligations as at January 1	\$ 66,900	\$ 67,321
Current service cost	168	1,319
Interest expense	1,290	991
Actuarial profit	(5,463)	(2,404)
Benefits paid	(4,686)	(327)
Others	(2,367)	-
Present value of defined benefit obligations as at December 31	<u>\$ 55,842</u>	<u>\$ 66,900</u>

(d) Changes in fair value of plan assets are as follows:

	2014	2013
Fair value of plan assets as at January 1	\$ 22,872	\$ 21,756
Expected return on plan assets	457	326
Actuarial profit (loss)	75	(2)
Employer contributions	1,089	1,119
Benefits paid	(4,686)	(327)
Fair value of plan assets as at December 31	<u>\$ 19,807</u>	<u>\$ 22,872</u>

(e) Amounts of expenses recognised in comprehensive income statements are as follows:

	2014	2013
Current service cost	\$ 168	\$ 1,319
Interest cost	1,290	991
Expected return on plan assets	(457)	(326)
Past service cost	531	530
Current pension costs	<u>\$ 1,532</u>	<u>\$ 2,514</u>

(f) Amounts recognised under other comprehensive income are as follows:

	2014	2013
Recognition for current period	<u>\$ 5,538</u>	<u>\$ 2,402</u>
Accumulated amount	<u>\$ 30,496</u>	<u>\$ 24,958</u>

(g) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. The constitution of fair value of plan assets as of December 31, 2014 and 2013 is given in the Annual Labor Retirement Fund Utilisation Report published by the government. Expected return on plan assets was

a projection of overall return for the obligations period, which was estimated based on historical returns and by reference to the status of Labor Retirement Fund utilisation by the Labor Pension Fund Supervisory Committee and taking into account the effect that the Fund's minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks.

For the years ended December 31, 2014 and 2013, the actual return on plan assets was \$532 and \$324, respectively.

(h) The principal actuarial assumptions used were as follows:

	December 31, 2014	December 31, 2013
Discount rate	2.00%	2.00%
Future salary increases	3.00%	3.00%
Expected return on plan assets	2.00%	2.00%

For the years ended December 31, 2014 and 2013, assumptions regarding future mortality rate were estimated in accordance with the Taiwan Standard Ordinary Experience Mortality Table (2008).

(i) Historical information of experience adjustments was as follows:

	2014	2013	2012
Present value of defined benefit obligations	\$ 55,842	\$ 66,900	\$ 67,321
Fair value of plan assets	(19,807)	(22,872)	(21,756)
Deficit in the plan	\$ 36,035	\$ 44,028	\$ 45,565
Experience adjustments on plan liabilities	\$ 5,463	(\$ 2,890)	(\$ 26,007)
Experience adjustments on plan assets	\$ 75	(\$ 2)	(\$ 233)

(C) Expected contributions to the defined benefit pension plans of the Group within one year from December 31, 2014 amounts to \$939.

B.(A) Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(B) The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2014 and 2013 were \$14,636 and \$15,895, respectively.

(12) Share capital

As of December 31, 2014, the Company's authorized capital was \$2,500,000, and the paid-in capital was \$2,322,763 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

(13) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated

deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(14) Special reserve

- A. According to the “Rules Governing the Administration of Securities Firms”, 20% of the current year's earnings, after paying all taxes and offsetting prior years' operating losses, if any, shall be set aside as special reserve until the cumulative balance equals the total amount of paid-in capital. The special reserve shall be used exclusively to cover accumulated deficit or to increase capital and shall not be used for any other purpose. Such capitalization shall not be permitted unless the Company has already accumulated a special reserve of at least 50% of its paid-in capital and only half of such special reserve may be capitalized.
- B. The Company transferred provision on bad debt loss that had been set aside but not reversed to special reserve on initial application of IFRSs in accordance with Gin-Gwen-Zheng-Qi Letter No. 1010032090, dated July 10, 2012. Except for offsetting operating losses or special reserve exceeding 50% of the Company's paid-in capital after transferring, the Company could transfer half of special reserve as share capital.
- C. According to Gin-Gwen-Zheng-Qi Letter No. 1010048029, an equivalent amount of special reserve should be set aside from earnings after tax of the current year and the undistributed earnings of the prior period based on the decreased amount of equity. For the cumulative decrease in equity of the prior period, the equal amount of special reserve set aside based on the undistributed earnings should not be distributed. If there is any reversal of the decrease in equity, the earnings may be distributed based on the reversal proportion.

(15) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% and 20% of the remaining amount shall be set aside as legal reserve and special reserve. The remainder, if any, to be retained or to be appropriated shall be resolved according to following:
 - (A) Bonus distributed to the employees for 0.01%~5%;
 - (B) Remuneration paid to the directors and supervisors for 0.1%~1%; and
 - (C) Appropriation of the remainder shall be proposed by the Board of Directors and resolved by the stockholders.

According to the dividend policy adopted by the Board of Directors, at least 50% of the Company's distributable earnings as of the end of the period shall be appropriated as dividends, and cash dividends shall account for at least 30% of the total dividends distributed.

- B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the

reversed amount could be included in the distributable earnings.

D. The appropriation of 2013 and 2012 earnings had been resolved by the Board of Directors (acting on behalf of stockholders). Details are summarized below:

	2013		2012	
	Amount	Dividends per Share (in dollars)	Amount	Dividends per Share (in dollars)
Legal reserve	\$ 65,387		52,391	
Special reserve	130,774		112,933	
Cash dividend	480,812	\$ 2.07	357,705	1.54

On May 17, 2013, the stockholders proposed to distribute capital surplus as cash dividends amounting to \$58,069.

E. The appropriation of 2014 earnings had been resolved by the Board of Directors on March 25, 2015. Details are summarized below:

	2014	
	Amount	Dividends per Share (in dollars)
Legal reserve	\$ 87,060	
Special reserve	174,121	
Cash dividend	613,209	\$ 2.64

As of March 25, 2015, the abovementioned appropriations of 2014 net income have not been resolved at the stockholders' meeting. Information about the appropriation of employees' bonus and directors' and supervisors' remuneration by the Company as proposed by the Board of Directors and resolved by the stockholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

F. Employees' bonus and directors' and supervisors' remuneration of 2013 as resolved by the stockholders on May 20, 2014 were accrued at \$2,935 and \$500, respectively, which were in agreement with those amounts recognized in the 2013 financial statements.

G. For the years ended December 31, 2014 and 2013, employees' bonus was accrued at \$2,890 and \$2,935, respectively; directors' and supervisors' remuneration was accrued at \$700 and \$500, respectively.

(16) Other equity items

	Available-for-sale investments	Currency translation	Total
At January 1, 2014	\$ 596,671	(\$ 12,314)	\$ 584,357
Available for sale investment revaluation - gross	41,949	-	41,949
Currency translation differences - Exchange differences	-	11,029	11,029
At December 31, 2014	\$ 638,620	(\$ 1,285)	\$ 637,335

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	Available-for-sale investments	Currency translation	Total
At January 1, 2013	\$ 463,722	(\$ 17,984)	\$ 445,738
Available for sale investment revaluation - gross	132,949	-	132,949
Currency translation differences - Exchange differences	-	5,670	5,670
At December 31, 2013	<u>\$ 596,671</u>	<u>(\$ 12,314)</u>	<u>\$ 584,357</u>

(17) Brokerage

	For the years ended December 31	
	2014	2013
Dealer's commissions - domestic futures	\$ 1,510,938	\$ 1,510,674
Dealer's commissions - foreign futures	541,483	665,350
Total	<u>\$ 2,052,421</u>	<u>\$ 2,176,024</u>

(18) Net gain on trading of securities

	For the years ended December 31	
	2014	2013
Revenue from sale of securities - dealing	\$ 483,851	\$ -
Cost from sale of securities - dealing	(496,902)	-
Total	<u>(\$ 13,051)</u>	<u>\$ -</u>

(19) Clearance fee from consignment

	For the years ended December 31	
	2014	2013
Clearance fee from consignment - non-related parties	\$ 48,171	\$ 43,586
Clearance fee from consignment - related parties	48,861	33,634
Total	<u>\$ 97,032</u>	<u>\$ 77,220</u>

(20) Gain (loss) on derivatives

	For the years ended December 31	
	2014	2013
Non-hedging		
Futures contract interests		
Futures contract gains	\$ 503,669	\$ 446,061
Futures contract losses	(409,986)	(317,469)
	<u>\$ 93,683</u>	<u>\$ 128,592</u>
Gain (loss) from trading options		
Gain from trading options	\$ 100,332	\$ 47,984
Loss from trading options	(82,448)	(50,992)
	<u>\$ 17,884</u>	<u>\$ 3,008</u>

	For the years ended December 31	
	2014	2013
Non-hedging		
Gains from derivative financial instruments	\$ 604,001	\$ 494,045
Losses from derivative financial instruments	(492,434)	(368,461)
	<u>\$ 111,567</u>	<u>\$ 125,584</u>

(21) Service charge

	For the years ended December 31	
	2014	2013
Service charge - brokerage	\$ 351,358	\$ 344,115
Service charge - dealing	11,153	18,524
Total	<u>\$ 362,511</u>	<u>\$ 362,639</u>

(22) Futures commissions expenditures

	For the years ended December 31	
	2014	2013
Complex entrusted futures transaction	\$ 148,223	\$ 177,031
Futures auxiliary business	264,918	285,346
Total	<u>\$ 413,141</u>	<u>\$ 462,377</u>

(23) Operating expenses

	For the years ended December 31	
	2014	2013
Employee benefit expense	\$ 492,176	\$ 515,608
Depreciation expense	59,330	68,012
Amortisation expense	13,573	19,294
Postage and telephone costs	60,216	70,085
Tax expenses	74,929	97,018
Computer information expenses	76,469	80,288
Donation	13,270	5,860
Institutional membership fees	15,674	16,378
Operating lease payments	37,468	38,254
Repair charge	23,325	23,649
Advertising costs	13,985	13,179
Service expenses	10,145	9,981
Other expenses	42,605	58,121
Total	<u>\$ 933,165</u>	<u>\$ 1,015,727</u>

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(24) Employee benefit expense

	For the years ended December 31	
	2014	2013
Wages and salaries	\$ 429,384	\$ 449,728
Labor and health insurance fees	27,256	27,892
Pension costs	13,801	18,409
Post-employment benefits	8,640	6,553
Other personnel expenses	13,095	13,026
Total	<u>\$ 492,176</u>	<u>\$ 515,608</u>

(25) Other gains and losses

	For the years ended December 31	
	2014	2013
Interest income	\$ 416,406	\$ 402,550
Dividend income	28,411	58,959
Net currency exchange gains	51,788	23,031
Gains (losses) on disposal of investments	279,270 (	2,773)
Others	(2,469)	72,604
Total	<u>\$ 773,406</u>	<u>\$ 554,371</u>

(26) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the years ended December 31	
	2014	2013
Current tax:		
Current tax on profits for the period	\$ 125,423	\$ 135,394
Adjustments in respect of prior years	679	2,033
Total current tax	<u>126,102</u>	<u>137,427</u>
Deferred tax:		
Origination and reversal of temporary differences	2,784 (	15,094)
Total deferred tax	<u>2,784</u> (	<u>15,094</u>)
Income tax expense	<u>\$ 128,886</u>	<u>\$ 122,333</u>

(b) The income tax (charge)/credit relating to components of other comprehensive income:

	For the years ended December 31	
	2014	2013
Actuarial gains/losses on defined benefit obligations	<u>\$ 941</u>	<u>\$ 408</u>

B. Reconciliation between income tax expense and accounting profit

	For the years ended December 31	
	2014	2013
Tax calculated based on profit before tax and statutory tax rate	\$ 169,913	\$ 131,954
Tax exempted income by tax regulation	(41,706)	1,893
Expenses disallowed by tax regulation	-	(13,547)
Prior year income tax underestimation	679	2,033
Income tax expense	<u>\$ 128,886</u>	<u>\$ 122,333</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary difference is as follows:

	For the year ended December 31, 2014			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
-Deferred tax assets:				
Accrued pension	\$ 6,550	(\$ 385)	(\$ 941)	\$ 5,224
Others	1,886	351	-	2,237
Subtotal	<u>8,436</u>	<u>(34)</u>	<u>(941)</u>	<u>7,461</u>
-Deferred tax liabilities:				
Unrealised exchange gain	(1,958)	(2,750)	-	(4,708)
Total	<u>\$ 6,478</u>	<u>(\$ 2,784)</u>	<u>(\$ 941)</u>	<u>\$ 2,753</u>

	For the year ended December 31, 2013			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
-Deferred tax assets:				
Reserve for bad debts	\$ 10,226	(\$ 10,226)	\$ -	\$ -
Accrued pension	6,313	645	(408)	6,550
Unrealised exchange loss	3,560	(3,560)	-	-
Others	1,881	5	-	1,886
Subtotal	<u>21,980</u>	<u>(13,136)</u>	<u>(408)</u>	<u>8,436</u>
-Deferred tax liabilities:				
Unrealised exchange gain	-	(1,958)	-	(1,958)
Total	<u>\$ 21,980</u>	<u>(\$ 15,094)</u>	<u>(\$ 408)</u>	<u>\$ 6,478</u>

D. As of December 31, 2014, the Company's income tax returns through 2012 have been assessed and approved by the Tax Authority.

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E. Unappropriated retained earnings:

	December 31, 2014	December 31, 2013
Earnings generated in and before 1997	\$ 21	\$ 21
Earnings generated in and after 1998	875,898	657,844

F. As of December 31, 2014 and 2013, the balance of the imputation tax credit account was \$121,755 and \$131,181, respectively. The creditable tax rate were 20.50% for 2013 and 13.90% for 2014, respectively.

(27) Earnings per share

For the year ended December 31, 2014			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per Share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 870,605	232,276	\$ 3.75
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 870,605	232,276	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	83	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 870,605	232,359	\$ 3.75
For the year ended December 31, 2013			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per Share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 653,867	232,276	\$ 2.82
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 653,867	232,276	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	85	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 653,867	232,361	\$ 2.81

(28) Operating leases

The Group leases its office and certain equipment under non-cancellable operating lease agreements. The lease terms are between years 2011 to 2017, and all these lease agreements are renewable at the end of the lease period. The Group recognized rental

expenses of \$37,468 and \$38,254 for the years ended December 31, 2014 and 2013, respectively. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	December 31, 2014	December 31, 2013
Less than one year	\$ 37,465	\$ 59,860
Later than one year but less than five years	48,355	85,205
	<u>\$ 85,820</u>	<u>\$ 145,065</u>

7. Related party transactions

(1) Parent and ultimate controlling party

The Company is controlled by Yuanta Financial Holding Co., Ltd., which owns 68.65% of the Company's shares. The remaining 31.35% of the shares is widely held. The ultimate parent and the ultimate controlling of the Company is both Yuanta Financial Holding Co., Ltd.

(2) Significant related party transactions and balances

A. Cash and cash equivalents/ operating guarantee deposits/ customer margin deposits/ futures trading guarantees/ interest income

	December 31, 2014				
	Bank deposits	Operating guarantee deposits	Customer margin deposits	Futures trading guarantees	
				Self-capital	Balance of excess futures guarantee deposits
Fellow subsidiary	<u>\$ 1,368,414</u>	<u>\$ 185,000</u>	<u>\$ 8,501,973</u>	<u>\$ 1,074</u>	<u>\$ 61,269</u>

	December 31, 2013				
	Bank deposits	Operating guarantee deposits	Customer margin deposits	Futures trading guarantees	
				Self-capital	Balance of excess futures guarantee deposits
Fellow subsidiary	<u>\$ 1,233,319</u>	<u>\$ 185,000</u>	<u>\$ 7,029,045</u>	<u>\$ 567</u>	<u>\$ 23,801</u>

B. Accounts receivable - related parties

	December 31, 2014	December 31, 2013
Fellow subsidiary	<u>\$ 4,982</u>	<u>\$ 2,944</u>

C. Other receivables - related parties

	December 31, 2014	December 31, 2013
Fellow subsidiary	<u>\$ 7,776</u>	<u>\$ 5,686</u>
Associates	<u>-</u>	<u>59,800</u>
	<u>\$ 7,776</u>	<u>\$ 65,486</u>

D. Refundable deposits

	December 31, 2014	December 31, 2013
Fellow subsidiary	<u>\$ 5,152</u>	<u>\$ 6,534</u>

E. Futures traders' equity

	December 31, 2014	December 31, 2013
Fellow subsidiary	\$ 1,294,822	\$ 1,405,777
Funds managed by fellow subsidiary	1,094,285	1,272,333
President and significant shareholder of financial holding company and subsidiary	16,101	24,613
Other stakeholder	325,802	10,627
	<u>\$ 2,731,010</u>	<u>\$ 2,713,350</u>

F. Accounts payable - related parties

	December 31, 2014	December 31, 2013
Fellow subsidiary	<u>\$ 25,285</u>	<u>\$ 16,750</u>

G. Other payables - related parties

	December 31, 2014	December 31, 2013
Fellow subsidiary	\$ 380	\$ 183
President and significant shareholder of financial holding company and subsidiary	86	-
	<u>\$ 466</u>	<u>\$ 183</u>

H. Brokerage

	For the years ended December 31	
	2014	2013
Fellow subsidiary	\$ 27,935	\$ 43,907
Funds managed by fellow subsidiary	18,845	11,540
President and significant shareholder of financial holding company and subsidiary	3,631	3,014
Other stakeholder	643	935
	<u>\$ 51,054</u>	<u>\$ 59,396</u>

I. Clearance fee from consignment

	For the years ended December 31	
	2014	2013
Fellow subsidiary	<u>\$ 48,861</u>	<u>\$ 33,634</u>

J. Securities trading commissions income

	For the years ended December 31	
	2014	2013
Fellow subsidiary	<u>\$ 3,588</u>	<u>\$ 2,679</u>

K. Co-marketing revenue

	For the years ended December 31	
	2014	2013
Associates	\$ -	\$ 1,644
Funds managed by associates	-	34
Fellow subsidiary	1,340	359
	<u>\$ 1,340</u>	<u>\$ 2,037</u>

L. Futures commissions income and consigned/entrusted foreign futures trading commissions

	For the years ended December 31	
	2014	2013
Fellow subsidiary	\$ 247,526	\$ 258,458

The Group engaged with Yuanta Securities Co., Ltd. and Yuanta Securities (Hong Kong) Co., Ltd. for the purpose of futures trading and consigned/entrusted foreign futures trading, that is, the Company acts as an agent for trading of futures contracts and futures option contracts for its customers. The futures commission expense and payment terms do not have any significant difference between related parties and non-related parties.

M. Service fees

	For the years ended December 31	
	2014	2013
Fellow subsidiary	\$ 4,372	\$ 4,564

N. Interest income

	For the years ended December 31	
	2014	2013
Fellow subsidiary	\$ 104,496	\$ 100,568

Interest income includes the interest of demand deposits, time deposits, margin deposits, and operations guarantee deposits. See Note 6(7) for details of operations guarantee deposits.

O. Interest expense

	For the years ended December 31	
	2014	2013
Fellow subsidiary	\$ 4,541	\$ 2,936

P. Rental expense

	For the years ended December 31	
	2014	2013
Fellow subsidiary	\$ 25,381	\$ 26,180
Representatives of financial holdings companies and entities or groups managed by major stockholders	-	35
	<u>\$ 25,381</u>	<u>\$ 26,215</u>

The rentals were determined by reference to the rental rates of nearby office buildings and by contracts between the related parties.

Q. Donation expenditure

	For the years ended December 31	
	2014	2013
Yuanta Cultural & Education Foundation	\$ 3,960	\$ 3,500
Polaris Research Institute	2,300	2,000
	<u>\$ 6,260</u>	<u>\$ 5,500</u>

R. Property transactions

	December 31, 2014	December 31, 2013
Funds managed by fellow subsidiary	<u>\$ 9,525</u>	<u>\$ -</u>

The gains on disposal of funds managed by fellow subsidiary were \$358 and \$0 for the years ended December 31, 2014 and 2013, respectively.

(3) Key management compensation

	For the years ended December 31	
	2014	2013
Salaries and other short-term employee benefits	\$ 135,830	\$ 133,164
Post-employment benefits	3,091	776
Termination benefits	4,367	5,621
Other long-term benefits	1,674	1,743
	<u>\$ 144,962</u>	<u>\$ 141,304</u>

8. Pledged assets

	December 31, 2014	December 31, 2013
Operating guarantee deposits	<u>\$ 185,000</u>	<u>\$ 185,000</u>

9. Significant commitments and contingent liabilities

Commitments

For information on operating leases agreements, please refer to Note 6(28) for details.

10. Significant loss from natural disaster

None.

(Blank)

11. Derivative instrument transactions

The Group had financial instrument trading - derivatives as follows:

December 31, 2014						
Item	Object of transaction	Open Interest		Margin paid (received)	Fair value	Remarks
		Buyer /Seller	Number of contract(s) (lot)			
Futures contracts (Domestic)	TX	Buyer	97	\$ 179,262	\$ 180,051	
	TX	Seller	39 (	70,755 ) (	72,392)	
	MTX	Buyer	13	6,028	6,033	
	MTX	Seller	6 (	2,754 ) (	2,784)	
	TE	Seller	35 (	51,720 ) (	51,772)	
	TF	Buyer	5	7,398	7,396	
	TF	Seller	1 (	1,087 ) (	1,082)	
	XIF	Seller	45 (	48,650 ) (	48,699)	
	Stock futures	Buyer	200	16,174	16,298	
	Stock futures	Seller	142 (	11,313 ) (	11,341)	
Futures contracts (Overseas)	Foreign Exchange	Buyer	1	9,608	9,610	
	Foreign Exchange	Seller	11 (	33,485 ) (	33,530)	
	Metal Futures	Seller	13 (	45,701 ) (	45,696)	
	Index Futures	Buyer	56	119,353	118,540	
	Index Futures	Seller	94 (	113,047 ) (	113,003)	
	Energy Futures	Seller	10 (	16,791 ) (	16,860)	
	Bond futures	Buyer	32	149,032	149,232	
	Grain Futures	Buyer	59	27,383	27,456	
	Grain Futures	Seller	10 (	8,902 ) (	8,364)	
Option contracts	TXO	Buy call	871	3,756	6,045	
	TXO	Buy put	946 (	3,409 ) (	1,272)	
	TXO	Sell call	827	2,499	4,740	
	TXO	Sell put	990 (	2,583 ) (	1,249)	

December 31, 2013

Item	Object of transaction	Open Interest		Margin paid (received)	Fair value	Remarks
		Buyer /Seller	Number of contract(s) (lot)			
Futures contracts (Domestic)	TX	Buyer	37	\$ 63,593	\$ 63,884	
	TX	Seller	17 (	29,340 ) (	29,352)	
	MTX	Seller	18 (	7,604 ) (	7,770)	
	TE	Buyer	1	1,228	1,238	
	TF	Buyer	2	2,108	2,111	
	TX	Buyer	5	180	184	
	TX	Seller	5 (	180 ) (	184)	
Futures contracts (Overseas)	Index Futures	Buyer	32	17,906	18,145	
	Index Futures	Buyer	7 (	2,545 ) (	2,548)	
	Metal Futures	Buyer	16	5,952	6,035	
	Metal Futures	Seller	2 (	200 ) (	194)	
	Energy Futures	Buyer	2	259	257	
	Energy Futures	Seller	9 (	731 ) (	717)	
	Grain Futures	Buyer	2	86	83	
Option contracts	Grain Futures	Seller	14 (	639 ) (	632)	
	TXO	Buy call	1,706	911	1,006	
	TXO	Sell call	1,819 (	870 ) (	801)	
	TXO	Buy put	1,324	516	218	
	TXO	Sell put	1,399 (	725 ) (	377)	
	TXO	Buy call	305	6	6	
	TXO	Buy put	375	27	27	
	TGO	Buy put	3	2	2	

12. Restrictions and enforcement of the Company's various financial ratios under R.O.C. Futures Commission Merchants Laws

According to Rules Governing the Preparation of Financial Statements by Futures Commission Merchants

Article	Calculation formula	1/1/2014 ~ 12/31/2014		1/1/2013 ~ 12/31/2013		Standard	Enforcement
		Calculation	Ratio	Calculation	Ratio		(Note 3)
17	$\frac{\text{Equity}}{\text{(Total liabilities – Future traders' equity)}}$	$\frac{7,452,433}{336,947}$	22.12	$\frac{7,005,065}{275,873}$	25.39	≥ 1	Satisfied
17	$\frac{\text{Current assets}}{\text{Current liabilities}}$	$\frac{35,797,043}{30,229,078}$	1.18	$\frac{35,102,718}{30,056,411}$	1.17	≥ 1	Satisfied
22	$\frac{\text{Equity}}{\text{Minimum paid – in capital (Note 1)}}$	$\frac{7,452,433}{1,175,000}$	634.25%	$\frac{7,005,065}{1,175,000}$	596.18%	$\geq 60\%$ $\geq 40\%$ (Note 2)	Satisfied
22	$\frac{\text{Post – adjustment net capital}}{\text{Total margin deposit required for futures traders, not yet off-set}}$	$\frac{5,804,582}{4,052,103}$	143.25%	$\frac{5,366,754}{3,588,545}$	149.55%	$\geq 20\%$ $\geq 15\%$	Satisfied

Note 1: “Minimum paid-in capital” shall be in compliance with futures commission merchants standard set of capital amount or designated appropriation of operating capital amount.

Note 2: For the entrusted foreign futures trading of foreign futures merchants, the standard ratios (equity / minimum paid-in capital) are adjusted to 50% and 30%, respectively.

Note 3: “Enforcement” column shall state whether or not the financial ratio requirements are satisfied; if not, an explanation is needed to be filed with a specific appointed institution or establish an improvement plan.

13. Specific inherent risks in operating as futures dealer

- (1) Credit risk is the main risk for engaging in futures brokerage business since the Company must demand collecting trading margin deposits from customers. The credit risk occurs when the customers fail to pay margin deposits. The Company and its subsidiaries act as agents for trading futures and options contracts and should pay attention to daily margin credit as to control credit risk. Market risk is also noted in the industry due to dealer business. Dealer business is price index sensitive, therefore, the Company pre-sets stop loss point for risk management purposes.
- (2) The specific risks of the Company's futures brokerage business are outlined below: Futures trading has a characteristic of low margin. Therefore, the risks of futures trading include: when the futures market trend is unfavorable for customers, futures firms may demand to collect additional trading margin deposits from customers to keep certain margin level. If the customers fail to pay margin deposits in a period prescribed, futures firms have the right to offset the contract amount of the customers by the additional margin deposits demanded. Further, futures firms may incur losses when futures market prices fluctuate drastically and the customers are unable to settle futures contracts.
- (3) See Note 19(5) for significant risk information on futures dealer business.

14. Segment information

(1) General information – type of product and service of reporting segments' income source

Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker, i.e. Board of Directors, that are used to make strategic decisions. The chief operating decision-maker considers the source of income, and the Company's operating segments are divided into broker and dealer. The primary source of income by each segment is as follows:

Broker: Consigned and entrusted to futures trading and financial instruments trading approved by relevant regulations in the R.O.C.

Dealer: Used capital funds to engage in trading stocks, futures, options, and other derivatives financial instruments approved by relevant regulations in the R.O.C.

(2) Measurement of segment information

A. Information on segment profit (loss); measurement of assets and liabilities

Measurement of profit (loss), assets and liabilities of the Company are consistent with Note 4 – Summary of significant accounting policies. Measurement of profit (loss) performance is based on income before tax.

In order to establish a fair and reasonable performance evaluation, the Company would offset the income and expense incurred internally from each segment for external financial reporting purposes.

Income and expense are classified directly to the segment where they belong to. For expense incurred indirectly, it will consider its classification based on the usage purpose by proportionally dividing into each segment when a reasonable rate can be assigned. Otherwise, it will be classified as "Other segment" when a reasonable rate cannot be assigned.

B. Identifying factors for reportable segments

The measurement of segment performance will be evaluated periodically to ensure that it achieves the goals of the Company. The results of its evaluation will be used as the

framework for resource allocation.

(3) Information on segment profit (loss)

For the year ended December 31, 2014						
Items	Broker		Dealer		Total	
	Amount	%	Amount	%	Amount	%
Direct segment profit						
Segment revenue						
Brokerage	\$ 2,052,421	95	\$ -	-	\$ 2,052,421	90
Loss on trading of securities	-	-	(13,051)	(12)	(13,051)	-
Dividend income	-	-	10,137	9	10,137	1
Loss on valuation of trading securities	-	-	4,076	4	4,076	-
Securities commission revenue	3,588	-	-	-	3,588	-
Clearance fee from consignment	97,032	5	-	-	97,032	4
Net gain on disposal of derivative financial instruments	-	-	111,567	99	111,567	5
Futures management fee revenues	52	-	-	-	52	-
Futures advisory revenues	7,077	-	-	-	7,077	-
Other operating revenues	1,141	-	-	-	1,141	-
Total revenues	<u>2,161,311</u>	<u>100</u>	<u>112,729</u>	<u>100</u>	<u>2,274,040</u>	<u>100</u>
Segment expense						
Brokerage fee	(351,358)	(16)	-	-	(351,358)	(15)
Dealer handling fee	-	-	(11,153)	(10)	(11,153)	(1)
Interest expense	(15,158)	(1)	-	-	(15,158)	(1)
Futures commission	(405,710)	(19)	(7,431)	(7)	(413,141)	(18)
Clearance fee	(315,258)	(15)	(7,478)	(7)	(322,736)	(14)
Employee benefit expense	(366,360)	(17)	(42,864)	(38)	(409,224)	(18)
Depreciation and amortization	(59,306)	(3)	(10,387)	(9)	(69,693)	(3)
Other operating expenses	(292,328)	(13)	(52,965)	(47)	(345,293)	(15)
Total expense	<u>(1,805,478)</u>	<u>(84)</u>	<u>(132,278)</u>	<u>(118)</u>	<u>(1,937,756)</u>	<u>(85)</u>
Segment operating income	355,833	16	(19,549)	(18)	336,284	15
Share of the profit or loss of associates and joint ventures accounted for using the equity method	(1,238)	-	-	-	(1,238)	-
Other gains and losses	770,585	36	2,821	3	773,406	34
Segment profit	<u>\$ 1,125,180</u>	<u>52</u>	<u>(\$ 16,728)</u>	<u>(15)</u>	<u>1,108,452</u>	<u>49</u>
Indirect segment profit						
Management expense					(108,961)	(5)
Net income before income tax					999,491	44
Income tax expense					(128,886)	(6)
Net income					<u>\$ 870,605</u>	<u>38</u>

For the year ended December 31, 2013						
Items	Broker		Dealer		Total	
	Amount	%	Amount	%	Amount	%
Direct segment profit						
Segment revenue						
Brokerage	\$ 2,176,024	96	\$ -	-	\$ 2,176,024	92
Securities commission revenue	2,679	-	-	-	2,679	-
Clearance fee from consignment	77,220	3	-	-	77,220	3
Net gain on disposal of derivative financial instruments	-	-	125,584	100	125,584	5
Futures management fee revenues	445	-	-	-	445	-
Futures advisory revenues	11,458	1	-	-	11,458	-
Other operating revenues	3,349	-	-	-	3,349	-
Total revenues	<u>2,271,175</u>	<u>100</u>	<u>125,584</u>	<u>100</u>	<u>2,396,759</u>	<u>100</u>
Segment expense						
Brokerage fee	(344,115)	(15)	-	-	(344,115)	(14)
Dealer handling fee	-	-	(18,524)	(15)	(18,524)	(1)
Interest expense	(21,467)	(1)	-	-	(21,467)	(1)
Futures commission	(457,041)	(20)	(5,336)	(4)	(462,377)	(19)
Clearance fee	(296,200)	(13)	(12,370)	(10)	(308,570)	(13)
Employee benefit expense	(411,362)	(18)	(36,848)	(29)	(448,210)	(19)
Depreciation and amortization	(72,666)	(3)	(11,548)	(9)	(84,214)	(4)
Other operating expenses	(317,937)	(14)	(72,243)	(58)	(390,180)	(16)
Total expense	<u>(1,920,788)</u>	<u>(84)</u>	<u>(156,869)</u>	<u>(125)</u>	<u>(2,077,657)</u>	<u>(87)</u>
Segment operating income (loss)	350,387	16	(31,285)	(25)	319,102	13
Share of the profit or loss of associates and joint ventures accounted for using the equity method	(4,150)	-	-	-	(4,150)	-
Other gains and losses	<u>529,611</u>	<u>23</u>	<u>24,760</u>	<u>20</u>	<u>554,371</u>	<u>24</u>
Segment profit (loss)	<u>\$ 875,848</u>	<u>39</u>	<u>(\$ 6,525)</u>	<u>(5)</u>	<u>869,323</u>	<u>37</u>
Indirect segment profit					-	-
Management expense					(93,123)	(5)
Net income before income tax					776,200	32
Income tax expense					(122,333)	(5)
Net income					<u>\$ 653,867</u>	<u>27</u>

Note : The Group's Chief Operating Decision-Maker does not use segment assets and liabilities as a basis for decision-making, therefore, the Group does not have to disclose the assets and liabilities of the operating segments.

15. Subsequent events

None.

16. Related information of significant transactions

- (1) Financing activities to any company or person: None.
- (2) Endorsements and guarantees provided: None.
- (3) Acquisition of real estate properties exceeding \$100 million or 20% of the Company's paid-in capital: None
- (4) Disposal of real estate properties exceeding \$100 million or 20% of the Companies' paid-in capital: None
- (5) Purchases or sales transactions discount on Broker's charges with related parties in excess of NT\$5,000,000 : None.

(6) Purchases or sales transactions with related parties in excess of \$100 million or over 20% of paid-in capital balance: None.

(7) Other: Significant transactions between parent company and subsidiaries: None.

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17. Information on investees (not including investees in Mainland China)

(1) Names of investee companies, locations, and related information are as follows:

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2014			Net income (loss) of the investee	Investment income (loss) recognized by the company	Note
				Balance as at December 31, 2014	Balance as at December 31, 2013	Number of shares (in thousands)	Ownership (%)	Book value			
Yuanta Futures Co., Ltd.	MF Global Investment Consulting Company	Taiwan	Investment and management consulting services	\$ 13,665	\$ 13,665	1,367	33.33	\$ 9,326	(\$ 3,714)	(\$ 1,238)	
Yuanta Futures Co., Ltd.	Yuanta Futures (Hong Kong) Ltd.	Hong Kong	Financial services	193,319	193,319	6,000	100.00	172,235	(12,056)	(12,056)	
Yuanta Futures Co., Ltd.	SYF Information Co., Ltd.	Taiwan	Information Technology Services	50,000	50,000	5,000	100.00	38,388	(10,106)	(10,106)	
SYF Information Co., Ltd	SYF Information (SAMOA) Limited	Samoa	Investment holdings	29,046	29,046	1,000	100.00	25,873	(4,417)	(4,417)	

(2) Information on investee companies with direct or indirect controlling interest is as follows:

A. Financing activities to any company or person: None.

B. Endorsements and guarantees provided: None.

C. Acquisition of real estate properties exceeding \$100 million or 20% of the Company's paid-in capital: None

D. Disposal of real estate properties exceeding \$100 million or 20% of the Companies' paid-in capital: None

E. Purchases or sales transactions discount on Broker's charges with related parties in excess of NT\$5,000,000 : None.

F. Purchases or sales transactions with related parties in excess of \$100 million or over 20% of paid-in capital balance: None.

G. Other: Significant transactions between parent company and subsidiaries: None.

18. Disclosure of information on indirect investment in Mainland China

(1) Basic information:

Name of investee in Mainland China	Main business activities	Issued capital	Investment method (Note 1)	Beginning balance of foreign investment from Taiwan	Investment movement within this period		Ending balance of foreign investment from Taiwan	Net income of investee	Percentage of direct or indirect investment holding	Gain (loss) recognized during the period (Notes 2 & 3)	Book value as of December 31, 2014	Accumulated gain returned to Taiwan at end of period
					Invested amount	Returned amount						
SYF Information (Shanghai) Limited	R&D and creation of Computer software, E-commerce software, financial software; sale of self-manufactured products, wholesale and commission agency (import/export, except for auction) of similar products as mentioned above, provision of relevant technical consultancy services	\$ 14,995	(2) SYF Information (Samoa) Limited	\$ 4,887	\$ 10,108	\$ -	\$ 14,995	(\$ 4,470)	100	(\$ 4,470)	\$ 10,429	-

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2014	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
SYF Information Limited	\$ 14,995	\$ 14,995	\$ 80,000

Note 1: Investment types are categorized into three sub-sections, as follows:

- (1) Direct investment in entities of Mainland China.
- (2) Reinvest in entities of Mainland China through indirect investment in the third place.
- (3) Others.

Note 2: In the 'Gain (loss) recognized during the period' column:

- (1) It should be indicated if the investee was still in the incorporation stage and had not yet any profit during this period.
- (2) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:
 - A. The financial statements that are audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.

B. The financial statements that are audited and attested by R.O.C. parent company's CPA.

C. Others.

Note 3: Evaluated according to the financial statements of the Taiwan parent company which was audited by an independent accountant.

Note 4: The numbers in this table are expressed in New Taiwan Dollars.

(2) Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas: None.

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19. Financial risk management

(1)Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group adopted to strengthen risk-adjusted return on capital, which allocated the Group's capital effectively.

(2)Financial instruments

A. Fair value information of financial instruments

Except for those listed in the table below, the carrying amounts of the Group's financial instruments not measured at fair value including cash and cash equivalents, customer margin deposits, futures trading margin receivable, notes receivable, accounts receivable, accounts receivable - related parties, other receivables, other receivables - related parties, other current assets, operating guarantee deposits, clearing and settlement funds, refundable deposits, futures traders' equity, accounts payable, accounts payable - related parties, other payables, other payables - related parties, and other current liabilities are approximate to their fair values.

	December 31, 2014	
	Book value	Fair value
<u>Financial assets</u>		
Held-to-maturity financial assets-current	\$ 30,614	\$ 30,574

	December 31, 2013	
	Book value	Fair value
<u>Financial assets</u>		
Held-to-maturity financial assets-current	\$ 29,644	\$ 29,351

The methods and assumptions used to estimate the fair values of the above financial instruments are summarized below:

- (A) For short-term instruments, the fair values were determined based on their carrying values because of the short maturities of the instruments.
- (B) Financial assets for trading purpose, the fair value of non-derivative financial instruments were based on active quoted market price.
- (C) The fair values of operations guarantee deposits, clearing and settlement funds, and refundable deposits were determined based on their carrying values because their present value of expected cash flow amount is approximately equal to their carrying value.
- (D) The fair value of derivative financial instruments was based on active quoted market price if available.
- (E) Margin deposits and futures traders' equity are the amount that the Group should collect from customers. The fair value of these were determined based on daily closing market price.

(F) For available-for-sale financial assets, the fair value was based on active quoted market price. If the market for a financial instrument is not active, an entity establishes fair value by using a valuation technique. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. The discount rates used were the same as those of financial instruments with similar terms and characteristics, including credit status of the debtor, fixed rate covered period, maturity date and contract currency.

(G) The methods for valuations of the fair values of the various financial instruments are shown as follows:

a. Equity securities:

Except for those securities valued at cost as required by relevant laws and regulations, equity securities shall be adjusted to fair value which is the closing price at the stock exchange.

b. Debt securities:

For government bonds and corporate bonds, the valuation is based on the market price calculated using the average yield rate published by OTC. The derivatives related to bonds are valued by the valuation models which take the yield rates stated above or the prices of the bonds as parameters; if there is no active market for the bond, such bond will be valued by the valuation models which take the yield rates published by OTC as parameters.

B. The methods of reporting derivative financial instruments on financial statements

(A) As of December 31, 2014 and 2013, the account balances of margin deposits were \$612,782 and \$533,196, respectively, and the amounts of deposits exceeding the limit were \$590,388 and \$524,395 and were recognized in "cash and cash equivalents", respectively, other balances were recognized in "futures margin deposits - house fund".

(B) The gains on futures trading were \$503,669 and \$446,061 for the years ended December 31, 2014 and 2013, respectively, and were recognized as "gain on disposal of financial instrument - futures".

(C) The Group was engaged in purchasing and selling of options with gains amounting to \$100,332 and \$47,984 for the years ended December 31, 2014 and 2013, respectively, and were recognized as "gain on disposal of derivative financial instruments - gain on options contract".

(D) The losses on futures were \$409,986 and \$317,469 for the years ended December 31, 2014 and 2013, respectively, and were recognized as "loss on disposal of derivative financial instruments - loss on futures".

(E) The Group was engaged in purchasing and selling of options with losses amounting to \$82,448 and \$50,992 for the years ended December 31, 2014 and 2013, respectively, and were recognized as "gain on disposal of derivative financial instruments - loss on options contract".

(F) As of December 31, 2014 and 2013, the account balances - disposal of options amounted to \$5,989 and \$1,178, and were recognized as "financial liabilities at fair value through profit or loss - current" and classified as "liability on disposal of options". As of December 31, 2014 and 2013, the account balances - purchase of options amounted to \$7,317 and \$1,258, and were recognized as "financial assets at fair value through profit or loss - current" and classified as "purchase of options -

non-hedging”.

(3) Fair value estimation

A. The table below analyses financial instruments measured at fair value, by valuation method. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data.

The following table presents the Group’s financial assets and liabilities that are measured at fair value at December 31, 2014 and 2013:

December 31, 2014	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss				
Equity securities	\$ 83,816	\$ -	\$ -	\$ 83,816
Beneficiary certificates	9,525	-	-	9,525
Futures	22,394	-	-	22,394
Options	7,317	-	-	7,317
Available-for-sale financial assets				
Equity securities	136,334	-	815,035	951,369
Total	<u>\$ 259,386</u>	<u>\$ -</u>	<u>\$ 815,035</u>	<u>\$ 1,074,421</u>
Financial liabilities				
Financial liabilities at fair value through profit or loss				
Options	<u>\$ 5,989</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,989</u>
December 31, 2013	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss				
Futures	\$ 8,801	\$ -	\$ -	\$ 8,801
Options	1,258	-	-	1,258
Available-for-sale financial assets				
Exchange traded funds	28,440	-	-	28,440
Equity securities	70,164	-	841,071	911,235
Total	<u>\$ 108,663</u>	<u>\$ -</u>	<u>\$ 841,071</u>	<u>\$ 949,734</u>
Financial liabilities				
Financial liabilities at fair value through profit or loss				
Options	<u>\$ 1,178</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,178</u>

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- B. The fair value of financial instruments traded in active markets is based on quoted market prices at the consolidated balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the closing price. These instruments are included in level 1. Instruments included in level 1 comprise primarily equity instruments and debt instruments classified as financial assets/financial liabilities at fair value through profit or loss or available-for-sale financial assets.
- C. The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- D. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.
- E. Specific valuation techniques used to value financial instruments include:
- (A) Quoted market prices or dealer quotes for similar instruments.
 - (B) Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.
- F. The following table presents the changes in level 3 instruments as at December 31, 2014 and 2013.

	Equity securities
January 1, 2014	\$ 841,071
Disposed of in the period	(156,817)
Gains and losses recognised in profit or loss	(278,150)
Gains and losses recognised in other comprehensive income	408,931
December 31, 2014	<u>\$ 815,035</u>
	Equity securities
January 1, 2013	\$ 739,485
Gains and losses recognised in other comprehensive income	101,586
December 31, 2013	<u>\$ 841,071</u>

(4) System of risk management

A. Objectives of risk management

The Group controls any potential losses that might incur in operations within its tolerable limits by increasing completeness of risk management mechanism, establishing efficient risk management measures, models and systems, and monitoring the changes of whole risks strictly. The Group also puts efforts in allocating its capital more efficiently to raise the risk adjusted return on capital.

B. Risk management system

The Group's risk management system is in compliance with the "Risk Management Policy" of Yuanta Financial Holding Co., Ltd. and "Risk Management Practice Principles for Futures Commission Merchants" of Taiwan Futures

Exchange. The Group has established the Risk Management Policy, which is the internally highest risk management standard authorized by the Board of Directors, comprising objectives, scopes, powers and responsibilities, and procedures of risk management.

C. Organizational structure of risk management

(A) The Group's organizational structure of risk management comprises the Board of Directors, Audit Committee, high management level, Risk Management Department, Legal Compliance Department, Auditing Office, each business unit and each functional committee; they all together form three lines of defense for risk management.

- a. First line of defense: First line of defense includes each business unit and each functional committee, whose personnel are serving in the operational or administration division and have responsibilities for risk identification, risk assessment and risk control.
- b. Second line of defense: Second line of defense includes high management level, Risk Management Department and Legal Compliance Department, which are responsible for risk monitoring, risk management and taking measures in response to risk issues in accordance with the Company's Risk Management Policy. The Group also takes part in the Risk Management Committee of Yuanta Financial Holding Co., Ltd. for integration of risk control and management in the Group.
- c. Third line of defense: Third line of defense includes the Board of Directors, Audit Committee and Auditing Office. Auditing Office conducts audits especially in the risk consideration to ensure every risk is under control.

(B) The function of each unit in the structure of risk management of the Group is as follows:

- a. The Board of Directors: The Board of Directors has ultimate responsibility for risk management on all businesses and operations in the Group; it shall be fully aware of every risk exposure to the Group, and then determines tolerable limit for every risk, allocates resources effectively, and authorizes relevant departments to execute risk measures for the achievement of effective risk management. The Board of Directors hears risk management and other related reporting by Risk Management Department, Auditing Office and Finance Department regularly to evaluate the impact of every risk and the impact on capital allocation, and determines responding strategies.
- b. Audit Committee: Audit Committee directs the execution of the risk management system under the commission of the Board of Directors; its main duties include review of the Group's risk scopes and risk toleration capability, of the Risk Management Policy and relevant principles, and of annual authorized acceptable limit of risk of each kind, as well as directing the execution of the risk management system.
- c. Risk Management Department: Risk Management Department, an independent department under the Board of Directors, is responsible for market risk, liquidity risk and credit risk management, and controls operational risk with Auditing Office together; its main duties include daily risk monitoring and assessments of risk management affairs. Risk Management Department exercises its authority independently from business units and trading activities, and holds accountability

to the Board of Directors directly. By employing the risk management information system, Risk Management Department monitors trading conditions in the futures market during the trading time every day and performs analyses after the closing of trading time; it also checks the use status of risk limits authorized to each business unit, and assesses risk exposures and extent of risk concentration, and submits risk management reports regularly.

- d. Auditing Office: Auditing Office, an independent department under the Board of Directors, is responsible for legislation and internal control system compliance management, operational risk management and supervision of operational risk management procedures. In accordance with the internal control rules of regulatory authorities, and adjusted operational risk management procedures appropriately in line with the amendments to the regulations of regulatory authorities, Taiwan Futures Exchange and Chinese National Futures Association or for the changes in the Group's business.
- e. Legal Compliance Department: Legal Compliance Department is responsible for review of legal compliance for the Group's businesses, operations, trading and transaction contracts/documents and offering legal options on those aspects and pushing the execution of legal compliance within the Group together with Auditing Office.
- f. Each business unit: Each business unit is liable for the first-line risk management. The directors of each business unit are in charge of the whole risk management on businesses and trading activities of the unit, including analyzing and controlling risk exposures, drawing up responding plans and taking measures against risk when necessary, and also conveying related information to Risk Management Department to ensure the risk control mechanism and procedures are all effectively executed, and comply with the legislation and the Group's Risk Management Policy and regulations.

D. Procedures of risk management

The Group's procedures of risk management include risk identification, risk measurement, risk management and risk reporting. The design of these procedures is to ensure all risks faced by the Group can be effectively controlled.

- (A) Risk identification: The Group identifies risks, through business and product analyses, that may arise during the courses of operations, including market risk, credit risk, liquidity risk, operational risk, legal risk and model risk, and finds out risk factors of risk exposure of each kind, selects appropriate method of risk measurement, and establishes risk indexes and judgment principles and risk control procedures that can be connected to the internal information system.
- (B) Risk measurement: The Group measures market risk by using scenario analysis, sensitivity analysis and VaR model and credit risk by using the credit rating system, option pricing model (ex. KMV) and following the Group's credit risk assessment rules. Operational risk is controlled by establishing standard operating procedures, establishing internal and external event notification mechanism, reviewing current operating procedures and employing operational risk management methods.
- (C) Risk management: Risk monitoring and control are performed through the use of risk management tools, establishment of acceptable limits of risks and division of authority and responsibilities. Different risk management tools and information systems and statements are developed and employed for different risks to raise the

efficiency and quality of risk management.

(D)Risk reporting: Risk information and risk management performing results are compiled as risk management statements or reports. These results are disclosed periodically and provided as a reference to the management in making risk management policy and rules.

E.Hedging and risk diminishing strategies

The Group has established hedging tools and hedging mechanisms for risks of each business based on its capital scale and risk toleration capability. Through hedging mechanisms, the Group may restrict risks within authorized limits, and employ authorized financial instruments, based on market conditions, business strategies, characteristics of commodities and risk management rules, to adjust risk positions within acceptable levels.

(5)Market risk

The Group's financial assets include bank deposits, government bonds, treasury bonds, bank debentures, negotiable certificates of deposit, commercial papers or other short-term notes and bills authorized by Ministry of Finance, domestic listed stocks, securities investment trust funds, offshore funds authorized by competent authorities to be raised and sold in ROC, futures trust funds, futures trading listed in Article 5 of Futures Trading Act, hedging trading of bond options and other financial instruments authorized by competent authorities. The fair value of these financial assets would be changed by the fluctuations of market prices or interest rates.

To manage market risk, the Group has established the Rules of Financial Instruments Investment Risk Management, including Rules of Dealer Trading Risk Management and Rules of Medium and Long-term Securities Investment Risk Management, and established various control mechanisms based on the characteristics of financial instrument risks, such as position limits, stop-loss amounts and exception management. The Group also conducts market risk quantitative management by employing VaR model in the measurement and control of market risk of each position.

Through the VaR model, the Group measures market risk by estimating maximum possible losses of the trading positions for the next day at the 99% confidence level. The average VaR of all trading for the year ended December 31, 2014 was \$5,517. According to the types of trading, the average VaR of equity trading, commodity trading, foreign-exchange-rate trading and interest-rate trading was \$4,364, \$3,173, \$771 and \$198, respectively, for the year ended December 31, 2014. The average VaR of all trading for the year ended December 31, 2013 was \$4,324. According to the types of trading, the average VaR of equity trading, commodity trading, foreign-exchange-rate trading and interest-rate trading was \$2,052, \$3,630, \$638 and \$0.3, respectively, for the year ended December 31, 2013(see the table below).

<Table> VaR of Trading of Different Types

Period: January 1 ~ December 31, 2014

Amount in thousands of NTD

Type of Trading	Equity	Commodity	Foreign Exchange Rate	Interest Rate	Total
December 31, 2014	\$ 3,457	\$ 1,782	\$ 191	\$ 451	\$ 3,322
Average	4,364	3,173	771	198	5,517
Lowest	700	302	-	-	891
Highest	15,599	7,969	3,103	702	17,719

Period: January 1 ~ December 31, 2013

Amount in thousands of NTD

Type of Trading	Equity	Commodity	Foreign Exchange Rate	Interest Rate	Total
December 31, 2013	\$ 1,078	\$ 939	\$ -	\$ -	\$ 1,441
Average	2,052	3,630	638	0.3	4,324
Lowest	-	-	-	-	-
Highest	22,073	21,531	7,064	58	22,237

Note 1 : Trading included futures dealer trading and securities dealer trading but excluded medium and long-term securities investments.

Note 2 : Total category of value-at-risk may be less than the amount of value-at-risk of equity, commodity, foreign exchange rate and interest rate, that's due to diversification effects between different categories.

The Group continues to run model validation and back testing to ensure that the Group's VaR model can reasonably, completely and correctly measure maximum potential losses of financial instruments.

(6)Credit risk analysis

The Group is exposed to credit risk from financial trading, including issuer credit risk, counterparty credit risk and underlying asset credit risk.

- A. Issuer credit risk occurs when issuer (or guarantor) of the financial debt instruments held by the Group or bank with which the Group deposits money fails to fulfill contractual obligations (or guarantor's obligations) because of its default, bankruptcy or liquidation, which would cause a financial loss to the Group.
- B. Counterparty credit risk occurs when counterparty of the financial instrument transaction undertaken by the Group fails to fulfill settlement or payment obligation on the appointed day, which would cause a financial loss to the Group.
- C. Underlying asset credit risk refers to the risk of loss that may arise from deterioration of credit quality of the underlying asset linked to the financial instruments or increasing of credit risk premium or downgrade of credit rating or contract default.

The financial assets of the Group with credit risk include bank deposits, debt securities, OTC derivative trade, repurchase agreement/reverse repurchase agreement of bonds (bills), deposits for securities borrowing and lending trade, margins for futures trade, other margins and receivables.

A. Analysis of concentration of credit risk

(A) Geography location:

Percentages of credit risk exposure amounts of the Group's financial assets by geographic area were as follows (see the table below): As of December 31, 2014, the first highest - Taiwan 92.68%, the second highest - Asia (excluding Taiwan) 4.19%, the third highest - Europe 3.03%. Compared to the same period last year, the proportion of investments in Asia has increased slightly in this period.

	December 31, 2014	December 31, 2013
Taiwan	\$ 33,847,480	\$ 33,664,382
Asia(not including Taiwan)	1,530,136	1,364,912
Europe	1,105,816	935,181
America	38,176	59,146
Others	-	1,601
Total	\$ 36,521,608	\$ 36,025,222

(B) Industry:

Percentages of credit risk exposure amounts of the Group's financial assets by industry were as follows (see the table below): As of December 31, 2014, financial institutions are 99.95% and other industries is 1% below. Credit risk is concentrated in financial institutions because the Group's own capital and margins received from customers were both deposited with financial institutions, debt securities held by the Group were issued or guaranteed by banks, and counterparties of derivative trade and reverse repurchase agreement of bonds undertaken by the Group were banks, futures clearing and settlement institution and re-consigned futures firms. The percentages distribution did not change significantly in this period compared to the corresponding period of last year.

	December 31, 2014	December 31, 2013
Privately owned businesses	\$ 5,885	\$ -
Financial institutions	36,504,736	36,012,109
Individuals	4	-
Others	10,983	13,113
Total	<u>\$ 36,521,608</u>	<u>\$ 36,025,222</u>

B. Analysis of credit risk levels

Credit risk rating is categorized into Excellent, Standard, Below standard, Other and the definitions are illustrated below:

- (A) Excellent: The underlying position or an entity is capable of fulfilling its financial commitment even if facing significant uncertain factors or exposed to an adverse condition.
- (B) Standard: the underlying position or an entity's capacity to fulfill the contractual obligation is weak, and any adverse movement toward operation, finance or economy could further weaken its capacity to fulfill financial commitment.
- (C) Below standard: the underlying position or an entity's capacity to fulfill the contractual obligation is weak, and the fulfillment of the contractual commitment depends on the advantageous movement in operating environment and financial status.
- (D) Other: This level shows that the counterparty or the underlying asset does not fulfill contractual obligations, or for other reasons fails to (or not) do the internal credit risk ratings.

The credit quality levels of the Group's financial assets were classified as follows: As of December 31, 2014, excellent is 99.73%, standard is 0.23%, below the standard is 0.04%. The result of credit quality level classification did not change significantly in this period compared to the corresponding period of last year.

	December 31, 2014	December 31, 2013
Excellent	\$ 36,424,766	\$ 35,759,703
Standard	82,977	250,045
Below standard	13,834	15,474
Others	31	-
Total	<u>\$ 36,521,608</u>	<u>\$ 36,025,222</u>

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(7)Liquidity risk analysis

- A. Liquidity risk of capital refers to the risk arising from the Group's inability to raise funds adequately in a period, which makes it unable to fulfill repayment or disbursement obligations on the expiry days. For liquidity risk management, the Group has established a warning system based on the nature of its businesses, including capital liquidity index, current ratio, loan lines granted by financial institutions and capital shortfall indication, which can estimate in advance the possible capital shortfall in certain periods and help the Group be aware of the overall liquidity risk of capital; the Group has also established a fund procurement plan in response to the occurrence of systematic risk events or exceptional capital flows. For the realization, marketability and safety of current assets, the Group has established the rules of capital risk management, which state the Group's bank deposits, bond trade, repo trade, etc. must meet certain level above of the internal rating and their positions and liquidity shall be monitored regularly.
- B. The information about the maturity of the Group's financial liabilities is shown below. The Group's working capital is sufficient enough to meet its funding requirements in the future. Therefore it has no liquidity risk that would arise from inability to raise funds to fulfill repayment or disbursement obligations.

Cash flow analysis of financial liabilities on December 31, 2014

Accounts	Financial liabilities	Payment period					Total
		Prevailing Period	Less than 3	3 ~12 months	1~5 years	Over 5 years	
		d	months				
212000	Financial liabilities at fair value through profit and loss -current	\$ 5,989	\$ -	\$ -	\$ -	\$ -	\$ 5,989
214080	Futures trader's equity	29,934,989	-	-	-	-	29,934,989
214130	Accounts payable	423	92,037	508	-	-	92,968
214140	Accounts payable-related parties	-	25,285	-	-	-	25,285
214170	Other payables	-	134,225	8,196	1,985	197	144,603
214180	Other payables-related parties	-	466	-	-	-	466
219000	Other current liabilities	-	4,502	3,434	12	-	7,948
	Total	\$ 29,941,401	\$ 256,515	\$ 12,138	\$ 1,997	\$ 197	\$ 30,212,248
	Percentage (%) of overall	99.10%	0.85%	0.04%	0.01%	0.00%	100.00%

Cash flow analysis of financial liabilities on December 31, 2013

Accounts	Financial liabilities	Payment period					Total
		Prevailing Period	Less than 3 months	3 ~12 months	1~5 years	Over 5 years	
212000	Financial liabilities at fair value through profit and loss - current	\$ 1,178	\$ -	\$ -	\$ -	\$ -	\$ 1,178
214080	Futures trader's equity	29,884,112	-	-	-	-	29,884,112
214130	Accounts payable	-	47,263	508	-	-	47,771
214140	Accounts payable-related parties	-	16,750	-	-	-	16,750
214170	Other payables	-	120,289	9,788	14,765	197	145,039
214180	Other payables-related parties	-	183	-	-	-	183
219000	Other current liabilities	-	-	5,774	-	-	5,774
	Total	<u>\$ 29,885,290</u>	<u>\$ 184,485</u>	<u>\$ 16,070</u>	<u>\$ 14,765</u>	<u>\$ 197</u>	<u>\$ 30,100,807</u>
	Percentage (%) of overall	99.29%	0.61%	0.05%	0.05%	0.00%	100.00%

Note: All amounts of cash flow analysis of financial liabilities were total cash flow of liabilities without discount.

The analysis of cash flow gap on December 31, 2014

Accounts	Financial assets	Payment period					Total
		Prevailing Period	Less than 3	3 ~12 months	1~5 years	Over 5 years	
		d	months				
111100	Cash and cash equivalents	\$ 1,040,906	\$ 2,195,814	\$ 2,407,513	\$ -	\$ -	\$ 5,644,233
112000	Financial assets at fair value through profit or loss-current	123,052	-	-	-	-	123,052
113400	Available-for-sale financial assets-current	52,151	-	-	-	-	52,151
113500	Held-to-maturity financial assets-current	-	30,614	-	-	-	30,614
114070	Margin deposits	30,087,385	-	-	-	-	30,087,385
114080	Futures trading margin receivable	16	-	-	-	-	16
114130	Accounts receivable	-	9,735	-	-	-	9,735
114140	Accounts receivable-related parties	-	4,982	-	-	-	4,982
114170	Other receivables	-	38,807	31	-	-	38,838
114180	Other receivables-related parties	-	7,776	-	-	-	7,776
119990	Other current assets	-	5	-	-	-	5
123400	Available-for-sale financial assets-non-current	-	-	-	899,218	-	899,218
129010	Operating guarantee deposits	-	-	-	-	185,000	185,000
129020	Clearing and settlement funds	-	-	-	-	479,669	479,669
129030	Refundable deposits	-	-	-	10,961	-	10,961
	Subtotal	\$ 31,303,510	\$ 2,287,733	\$ 2,407,544	\$ 910,179	\$ 664,669	\$ 37,573,635
	Cash inflow	\$ 31,303,510	\$ 2,287,733	\$ 2,407,544	\$ 910,179	\$ 664,669	\$ 37,573,635
	Cash outflow	29,941,401	256,515	12,138	1,997	197	30,212,248
	The amount of capital gap	\$ 1,362,109	\$ 2,031,218	\$ 2,395,406	\$ 908,182	\$ 664,472	\$ 7,361,387

The analysis of cash flow gap on December 31, 2013

Accounts	Financial assets	Payment period					Total
		Prevailing Period	Less than 3 months	3 ~12 months	1~5 years	Over 5 years	
111100	Cash and cash equivalents	\$ 1,135,623	\$ 780,717	\$ 3,305,944	\$ -	\$ -	\$ 5,222,284
112000	Financial assets at fair value through profit or loss-current	10,059	-	-	-	-	10,059
113400	Available-for-sale financial assets-current	28,440	-	-	-	-	28,440
113500	Held-to-maturity financial assets-current	-	-	29,644	-	-	29,644
114070	Margin deposits	29,973,105	-	-	-	-	29,973,105
114110	Notes receivable	-	162	-	-	-	162
114130	Accounts receivable	-	2,923	-	-	-	2,923
114140	Accounts receivable-related parties	-	2,944	-	-	-	2,944
114170	Other receivables	-	31,731	-	31	-	31,762
114180	Other receivables-related parties	-	65,486	-	-	-	65,486
119990	Other current assets	-	16	-	-	-	16
123400	Available-for-sale financial assets-non-current	-	-	-	911,235	-	911,235
129010	Operating guarantee deposits	-	-	-	-	185,000	185,000
129020	Clearing and settlement funds	-	-	-	-	490,030	490,030
129030	Refundable deposits	-	-	-	13,065	-	13,065
	Subtotal	<u>\$ 31,147,227</u>	<u>\$ 883,979</u>	<u>\$ 3,335,588</u>	<u>\$ 924,331</u>	<u>\$ 675,030</u>	<u>\$ 36,966,155</u>
	Cash inflow	<u>\$ 31,147,227</u>	<u>\$ 883,979</u>	<u>\$ 3,335,588</u>	<u>\$ 924,331</u>	<u>\$ 675,030</u>	<u>\$ 36,966,155</u>
	Cash outflow	<u>29,885,290</u>	<u>184,485</u>	<u>16,070</u>	<u>14,765</u>	<u>197</u>	<u>30,100,807</u>
	The amount of capital gap	<u>\$ 1,261,937</u>	<u>\$ 699,494</u>	<u>\$ 3,319,518</u>	<u>\$ 909,566</u>	<u>\$ 674,833</u>	<u>\$ 6,865,348</u>

(8) Currency risk

The Group's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

(Foreign currency: functional currency)

Financial instrument	December 31, 2014		December 31, 2013	
	Foreign currency (in thousands)	Exchange rate	Foreign currency (in thousands)	Exchange rate
<u>Financial assets</u>				
<u>Monetary items</u>				
USD/NTD	\$ 406,673	31.6500	\$ 428,899	29.8050
JPY/NTD	571,241	0.2646	1,085,210	0.2839
HKD/NTD	51,171	4.0800	60,977	3.8430
EUR/NTD	3,861	38.4700	3,219	41.0900
GBP/NTD	952	49.2700	971	49.2800
AUD/NTD	484	25.9050	387	26.5850
SGD/NTD	61	23.9400	-	-
CNY/NTD	260,757	5.0920	251,837	4.9190
USD/HKD	2,888	7.7555	6,179	7.7557
KRW/HKD	-	-	309,669	0.0074
CNY/HKD	24,967	1.2478	24,188	1.2800
EUR/HKD	40	9.4253	-	-
JPY/HKD	11	0.0648	-	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD/NTD	399,966	31.6500	424,815	29.8050
JPY/NTD	462,722	0.2646	967,271	0.2839
HKD/NTD	42,982	4.0800	54,042	3.8430
EUR/NTD	3,685	38.4700	3,050	41.0900
GBP/NTD	626	49.2700	695	49.2800
AUD/NTD	472	25.9050	387	26.5850
SGD/NTD	60	23.9400	-	-
USD/HKD	1,545	7.7555	4,504	7.7557
KRW/HKD	-	-	307,011	0.0074
EUR/HKD	38	9.4253	-	-

Auditor's Report

(2015) Cai-Shen-Bao-Zi No. 14003074

To the Board of Directors and Stockholders of Yuanta Futures Co., Ltd.

We have audited the accompanying proprietary balance sheet of Yuanta Futures Co., Ltd. (formerly, Polaris Futures Co.) as of December 31, 2014 and 2013 and the related individual statements of income, retained earnings, and cash flows for the years then ended. These individual financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Yuanta Futures Co., Ltd. as of December 31, 2014 and 2013, and the results of its operations and its cash flows for the years then ended in conformity with the Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants.

PwC Taiwan

Ms. Lin, Sekai

CPA

Ms. Li, Xiou-Ling

Securities and Futures Bureau, Financial Supervisory
Commission, Executive Yuan

Approval

Document

No.:

Jin-Guan-Cheng-6-0960072936

Jin-Guan-Cheng-6-0960038033

March 25, 2015

Yuanta Futures Co., Ltd.
(Originally: Polaris Futures Co., Ltd.)
Individual Balance Sheet
December 31, 2014 and 2013

Unit: NTD thousand

		December 31, 2014			December 31, 2013		
Assets		Additional notes	Amount	%	Amount	%	
Current assets							
111100	Cash and cash equivalents	6(1) and 7	\$ 5,474,176	15	\$ 5,041,864	14	
112000	Financial assets at fair value through profit or loss- current	6(2) and 11	123,052	-	10,059	-	
113400	Available-for-sale financial assets - current	6 (4)	52,151	-	28,440	-	
114070	Customers' margin accounts	6(3) and 7	30,083,366	80	29,912,214	81	
114080	Futures trading margin receivable		16	-	-	-	
114110	Notes receivables		-	-	162	-	
114130	Accounts receivable		9,735	-	2,923	-	
114140	Accounts receivable - related parties	7	4,982	-	2,944	-	
114150	Prepayments		4,125	-	7,680	-	
114170	Other receivable		37,207	-	30,566	-	
114180	Other receivables - related parties	7	7,775	-	65,484	-	
114600	Current Income Tax Asset		453	-	366	-	
119000	Other current assets		5	-	16	-	
110000	Total of Current Assets		35,797,043	95	35,102,718	95	
Non-Current assets							
123400	Available-for-sale financial assets - non-current	6 (4)	899,218	2	911,235	2	
124100	Investments accounted for by the equity method	6 (5)	219,949	1	232,320	1	
125000	Property and equipment	6 (8)	79,803	-	116,594	-	
127000	Intangible assets	6 (9)	34,522	-	40,694	-	
128000	Deferred income tax assets	6 (25)	7,461	-	8,436	-	
129010	Business guaranty bond	6(6) and 7	185,000	1	185,000	1	
129020	Settlement / clearance fund	6 (7)	479,669	1	490,030	1	
129030	Guarantee deposits paid	7	9,768	-	12,147	-	
129040	Deferred expenses		-	-	1,199	-	
129130	Prepayment for equipment purchase		7,919	-	3,891	-	
120000	Total of Non-Current Assets		1,923,309	5	2,001,546	5	
906001	Total assets		\$ 37,720,352	100	\$ 37,104,264	100	

(Continued next page)

Yuanta Futures Co., Ltd.
(Originally: Polaris Futures Co., Ltd.)
Individual Balance Sheet
December 31, 2014 and 2013

Unit: NTD thousand

		December 31, 2014		December 31, 2013		
Liabilities and equity		Additional notes	Amount	%	Amount	%
Current liabilities						
212000	Financial liabilities at fair value 11					
	through profit or loss- current		\$ 5,989	-	\$ 1,178	-
214080	Futures traders' equity	6(3) and 7	29,930,972	79	29,823,326	80
214130	Accounts payable		92,968	-	47,771	-
214140	Accounts payable - related parties	7	25,285	-	16,750	-
214160	Agency Receipts		4,950	-	3,496	-
214170	Other payable		143,007	1	143,602	1
214180	Other payables - related parties	7	466	-	183	-
214600	Current Income Tax Liability		17,493	-	14,331	-
219000	Other current liabilities		7,948	-	5,774	-
210000	Total of current liabilities		30,229,078	80	30,056,411	81
Non-current liabilities						
225100	Liabilities reserve- non-current	6 (10)	34,133	-	40,830	-
228000	Deferred income tax liabilities	6 (25)	4,708	-	1,958	-
220000	Total of non-current liabilities		38,841	-	42,788	-
906003	Total liabilities		30,267,919	80	30,099,199	81
Share capital		6 (11)				
301010	Ordinary shares capital		2,322,763	6	2,322,763	6
Capital reserve		6 (12)				
302000	Capital reserve		1,940,976	5	1,940,976	5
Retained earnings						
304010	Legal earnings reserve	6 (14)	474,475	1	409,088	1
304020	Special earnings reserve	6 (13)	1,200,965	3	1,090,016	3
304040	Undistributed earnings	6 (14)	875,919	3	657,865	2
Other equity		6 (15)				
305000	Other equity		637,335	2	584,357	2
906004	Total equity		7,452,433	20	7,005,065	19
906002	Total liabilities and equity		\$ 37,720,352	100	\$ 37,104,264	100

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

Chairman: Mr. Lin, Tien-Fu

General Manager: Ms. Chou, Hsiao-Ling

Accounting Supervisor: Mr. Chou, Yu-Cheng

Yuanta Futures Co., Ltd.
(Originally: Polaris Futures Co., Ltd.)
Individual comprehensive income statements
January 1 to December 31 2014 and 2013

Unit: NTD thousand

			2014		2013	
Item		Additional notes	Amount	%	Amount	%
Revenue						
401000	Brokerage commission	6(16) and 7	\$ 2,049,079	90	\$ 2,173,606	91
410000	Net loss on disposal of operating securities	6 (17)	(13,051)	-	-	-
421300	Dividend income		10,137	1	-	-
421500	Net profit of securities trade measured at the fair value through profit or loss		4,076	-	-	-
424200	security commission earned	7	3,588	-	2,679	-
424300	Settlement and clearance fees	6(18) and 7	97,032	4	77,220	3
424400	Net gains in the derivative financial instruments	6 (2) (19)	111,567	5	125,584	5
424800	Management fee income		52	-	445	-
424900	Consultancy fee income		7,077	-	11,458	1
428000	Other operating revenue		177	-	2,407	-
400000	Total revenues		<u>2,269,734</u>	<u>100</u>	<u>2,393,399</u>	<u>100</u>
Expense						
501000	Brokerage commission expenses	6 (20)	(351,358)	(15)	(344,115)	(14)
502000	Proprietary trade service charge	6 (20)	(11,153)	(1)	(18,524)	(1)
521200	Financial costs		(15,158)	(1)	(21,467)	(1)
524100	Futures commission expenses	6(21) and 7	(412,989)	(18)	(462,230)	(19)
524300	Clearance and settlement service expenses		(322,736)	(14)	(308,570)	(13)
531000	Employee Benefit expenses	6 (23)	(481,387)	(21)	(507,238)	(21)
532000	Depreciation and amortization expenses	6 (22)	(68,678)	(3)	(86,508)	(4)
533000	Other operating expenses	6(22) and 7	(356,912)	(16)	(404,358)	(17)
500000	Total Expense		<u>(2,020,371)</u>	<u>(89)</u>	<u>(2,153,010)</u>	<u>(90)</u>
Operating profit			249,363	11	240,389	10
601100	Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	6 (5)	(23,400)	(1)	(11,155)	(1)
602000	Other profits and losses	6 (24)	773,528	34	546,966	23
902001	Earnings before tax		999,491	44	776,200	32
701000	Income tax expense	6 (25)	(128,886)	(6)	(122,333)	(5)
902005	Current period net profit		<u>870,605</u>	<u>38</u>	<u>653,867</u>	<u>27</u>
Other general gains and losses						
805120	Exchange differences arising from translating the financial statements of foreign operations	6 (15)	11,029	1	5,670	-
805150	Unrealized gain of available-for-sale financial assets	6 (4) (15)	41,949	2	132,949	6
805180	Actuarial net gains on defined benefits	6 (10)	5,538	-	2,402	-
805300	Income tax relating to the composition of other general gains and losses expenses	6 (25)	(941)	-	(408)	-
Other comprehensive income (post-tax profit or loss)			<u>57,575</u>	<u>3</u>	<u>140,613</u>	<u>6</u>
Total comprehensive income for the period			<u>\$ 928,180</u>	<u>41</u>	<u>\$ 794,480</u>	<u>33</u>
Earnings per ordinary share						
Base earnings per share		6 (26)	\$ 3.75		\$ 2.82	
Diluted earnings per share			\$ 3.75		\$ 2.81	

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

Chairman: Mr. Lin, Tien-Fu

General Manager: Ms. Chou, Hsiao-Ling

Accounting Supervisor: Mr. Chou, Yu-Cheng

Yuanta Futures Co., Ltd
Polaris Futures Co., Ltd.)
Individual statement of changes in equity
January 1 to December 31 2014 and 2013

Unit: NTD thousand

		Capital reserve			Retained earnings			Other equity		
	Additional notes	Ordinary shares capital	Share Premium	Consolidated Pre mium 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	Total equity
<u>2013</u>										
Balance at January 1, 2013	6 (11)	\$ 2,322,763	\$ 1,952,712	\$ 46,333	\$ 356,697	\$ 977,083	\$ 525,033	(\$ 17,984)	\$ 463,722	\$ 6,626,359
Dividend allocation and distribution for 2012 (Note 1)	6 (14)									
Legal earnings reserve		-	-	-	52,391	-	(52,391)	-	-	-
Special earnings reserve		-	-	-	-	112,933	(112,933)	-	-	-
Cash dividend to shareholders		-	-	-	-	-	(357,705)	-	-	(357,705)
Other capital										
Cash dividend from capital surplus		-	(58,069)	-	-	-	-	-	-	(58,069)
2013 net profit		-	-	-	-	-	653,867	-	-	653,867
2013 Other comprehensive profit	6 (4) (15)	-	-	-	-	-	1,994	5,670	132,949	140,613
Balance at December 31, 2013		<u>\$ 2,322,763</u>	<u>\$ 1,894,643</u>	<u>\$ 46,333</u>	<u>\$ 409,088</u>	<u>\$ 1,090,016</u>	<u>\$ 657,865</u>	<u>(\$ 12,314)</u>	<u>\$ 596,671</u>	<u>\$ 7,005,065</u>
<u>2014</u>										
Balance at January 1, 2014	6 (11)	\$ 2,322,763	\$ 1,894,643	\$ 46,333	\$ 409,088	\$ 1,090,016	\$ 657,865	(\$ 12,314)	\$ 596,671	\$ 7,005,065
Dividend allocation and distribution for 2013 (Note 2)	6 (14)									
Legal earnings reserve		-	-	-	65,387	-	(65,387)	-	-	-
Special earnings reserve		-	-	-	-	130,774	(130,774)	-	-	-
Reversal of Special earnings reserve		-	-	-	-	(19,825)	19,825	-	-	-
Cash dividend to shareholders		-	-	-	-	-	(480,812)	-	-	(480,812)
2014 net profit		-	-	-	-	-	870,605	-	-	870,605
2014 Other comprehensive profit	6 (4) (15)	-	-	-	-	-	4,597	11,029	41,949	57,575
Balance at December 31, 2014		<u>\$ 2,322,763</u>	<u>\$ 1,894,643</u>	<u>\$ 46,333</u>	<u>\$ 474,475</u>	<u>\$ 1,200,965</u>	<u>\$ 875,919</u>	<u>(\$ 1,285)</u>	<u>\$ 638,620</u>	<u>\$ 7,452,433</u>

Note 1: Employee bonus of NT\$3,035 and remuneration for directors and supervisors of NT\$500 has been deducted from the comprehensive income statements of 2012.

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

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

Chairman: Mr. Lin, Tien-Fu

General Manager: Ms. Chou, Hsiao-Ling

Accounting Supervisor: Mr. Chou, Yu-Cheng

Yuanta Futures Co., Ltd.
(Originally: Polaris Futures Co., Ltd.)
Individual Cash Flow Statement
January 1 to December 31 2014 and 2013

Unit: NTD thousand

	<u>Additional notes</u>	<u>2014</u>	<u>2013</u>
<u>Cash flow from operating activities</u>			
Pre-tax profit for the current period		999,491	776,200
Adjustments			
Income and expenses having no effect on cash flows			
Depreciation	6 (22)	57,827	67,214
Amortizations	6 (22)	10,851	19,294
Interest income	6 (24)	411,576	397,823
Interest expenses		15,158	21,467
Gains from disposal of financial assets available for sale	6 (24)	278,912	3,421
Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	6 (5)	23,400	11,155
Gains from disposal of property or equipment		85	-
Prepaid equipment amount recognized as expense		96	-
Dividend income		38,548	58,959
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		112,993	21,561
Customers' margin accounts		171,152	2,310,389
Futures trading margin receivable		16	25
Notes receivables		162	162
Accounts receivable		6,812	971
Accounts receivable - related parties		2,038	9,558
Prepayments		3,555	170
Other receivable		269	24,851
Other receivables - related parties		59,859	55,680
Other current assets		11	4
Net changes in liabilities relating to operating activities			
Financial liabilities at fair value through profit or loss-current		4,811	9,134
Futures traders' equity		107,646	2,283,072
Accounts payable		45,197	18,688
Accounts payable - related parties		8,535	7,673

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

Chairman: Mr. Lin, Tien-Fu

General Manager: Ms. Chou, Hsiao-Ling

Accounting Supervisor: Mr. Chou,
Yu-Cheng

Yuanta Futures Co., Ltd.
(Originally: Polaris Futures Co., Ltd.)
Individual Cash Flow Statement
January 1 to December 31 2014 and 2013

Unit: NTD thousand

	<u>Additional notes</u>	<u>2014</u>	<u>2013</u>
Agency Receipts		1,454	1,919
Other payable		3,523	40,768
Other payables - related parties		86	183
Other current liabilities		2,174	774
Liabilities reserve- non-current		<u>1,159</u>	<u>2,307</u>
Net cash provided by operating activities		320,276	477,202
Interest received		403,054	395,052
Income tax paid		123,027	121,255
Dividends received		38,548	58,959
Interest paid		<u>19,079</u>	<u>23,506</u>
Net cash inflow from operating activities		<u>619,772</u>	<u>786,452</u>
<u>Cash flow from investing activities</u>			
Acquisition of available-for-sale financial assets		50,362	40,116
Proceeds from disposal of financial assets available for sale		359,529	116,955
Decrease in investments accounted for by the equity method		-	58,243
Purchase of property and equipment	6 (8)	12,235	27,382
Proceeds from disposal of property or equipment		450	-
Increase in intangible assets	6 (9)	1,400	1,184
Decrease in business guaranty bond		-	10,000
Decrease (Increase) in settlement / clearance fund		10,361	162,932
Decrease in Guarantee deposits paid		2,379	3,464
Increase in installment on equipment		<u>13,865</u>	<u>11,128</u>
Net cash inflow (outflow) from investing activities		<u>294,857</u>	<u>54,080</u>
<u>Cash flow from financing activities</u>			
Cash dividend distribution	6 (14)	<u>480,812</u>	<u>470,979</u>
Net cash outflow from financing activities		<u>480,812</u>	<u>470,979</u>
Impact of change in exchange rate on cash and cash equivalent		<u>1,505</u>	<u>624</u>
Increase in cash and cash equivalents for the current period		432,312	260,769
Opening balance of cash and cash equivalents		<u>5,041,864</u>	<u>4,781,095</u>
Closing balance of cash and cash equivalents		<u><u>5,474,176</u></u>	<u><u>5,041,864</u></u>

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

Chairman: Mr. Lin, Tien-Fu

General Manager: Ms. Chou, Hsiao-Ling

Accounting Supervisor: Mr. Chou,
Yu-Cheng

Yuanta Futures Co., Ltd.
(Originally: Polaris Futures)
Notes to individual financial statement
January 1 to December 31 2014 and 2013

Unit: NTD thousand
(Except where otherwise stated)

I. Company history

- (1) Yuanta Futures (hereafter referred as “The company”) originally Polaris Futures Co., Ltd., established on April 9 1997. Merged with Refco Taiwan Co., Ltd. in September 1st 2003, and changed name to Polaris Refco Futures Co., Ltd. In order to reflect changes in foreign shareholders' position as at the end of 2005, The Company passed a resolution during an extraordinary shareholders meeting held on 15 February 2006, and was permitted by the Ministry of Economic Affairs to change its name to Polaris Futures Co., Ltd.

Polaris Futures Co., Ltd. after a resolution reached in the extraordinary shareholders' meeting on October 6, 2011 merged with Yuanta Futures Co., Ltd. at the swap rate of 1:1.01 and the merger was approved with the FSC.S.Tzi No. No. 1000052507 Letter received. Polaris Futures Co., Ltd. as the surviving corporation and with the merger base date scheduled on April 1, 2012 was renamed as “Yuanta Futures Co., Ltd.” at the same time.

- (2) Main business scope of this company is brokering of domestic and offshore futures, internal business, futures consulting, futures management, securities internal business and other futures related work approved by the authority. As of December 31, 2014, our company has already established 5 branch offices as business locations

II. Date On Which And Procedures By Which The Financial Reports Were Authorized For Issuance.

These individual financial statements were authorized for issuance by the Board of Directors on March 25, 2015.

III. Application Of New Standards, Amendments And Interpretations

- (1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)

none.

- (2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company and subsidiaries

According to the FSC.S.Audit.Tzi No. 1030010325 Order dated April 3, 2014, the TWSE/GTSM Listed Companies and emerging companies starting from the year of 2015 shall have financial statements prepared in accordance with the International Financial Reporting Standards (IFRSs) 2013 edition (excluding IFRSs No. 9 “Financial Instruments”) that was approved and announced by the Financial Supervisory Commission and the Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants that will be in effect since the year of 2015 (referred to as the “IFRSs 2013 edition” hereinafter). The related new releases, amendments and revisions of the Standards and Interpretations are as follows:

New releases / amendments / revisions of the Standards and Interpretations	International Accounting Standards Board Effective Date
Amendments to IFRSs 1 “IFRS No. 7 Comparison and Disclosure with Limited Exemption to the First-time Adopters”	July 1, 2010
Amendments to IFRSs 1 “Severe Inflation and the Removal of the Fixed Date for the First-time Adopters”	July 1, 2011
Amendments to IFRSs 1 “Government Loans”	January 1, 2013
Amendments to IFRS 7 “Disclosures - transfers of financial assets”	July 1, 2011
Amendments to IFRS 7 “Disclosures - Offsetting financial assets and financial liabilities”	January 1, 2013
IFRS 10, ‘Consolidated Financial Statements’	January 1, 2013 (it is effective for investment entity on January 1, 2014)
IFRS 11 “Joint arrangements”	January 1, 2013
IFRS 12 “Disclosure of interests in other entities”	January 1, 2013
IFRS 13, ‘Fair value measurement’	January 1, 2013
Amendments to IAS 1 “Presentation of items of other comprehensive income”	July 1, 2012
Amendments to IAS 12 “Deferred Income Tax: Recovery of the Underlying Assets”	January 1, 2012
Amendments to IAS 19 “Employee benefit”	January 1, 2013
Amendments to IAS 27 “Separate financial statements”	January 1, 2013
Amendments to IAS 28 “Investment Affiliates and Joint Ventures”	January 1, 2013
Amendments to IAS 32 “Offsetting financial assets and financial liabilities”	January 1, 2014
IFRSs Interpretation No. 20, “Stripping Cost of Quarries in the Production Phase”	January 1, 2013
Improvements to IFRSs 2010	January 1, 2011
Improvements to IFRSs 2009-2011	January 1, 2013

After the preliminary assessment, except for the following items, the Company believed that the adoption of the IFRSs 2013 edition would not have a significant impact on the Company’s individual financial statements:

1. IAS 19 “Employee benefit”

The Standard is amended regarding the net interest derived from having the net benefit liability defined (asset) multiplied by the discount rate; also, it is applied to replace the interest cost before the amendment made to the Standards and the expected return on the plan assets. Prior period service cost should be recognized as profit or loss when incurred instead of having it recognized as expense in accordance with the straight line method during the period prior when it met the vested conditions. Enterprises have severance benefits recognized when the severance benefits agreement cannot be cancelled or when recognizing the related restructuring costs whichever is sooner instead of recognizing the severance benefits as a liability and expense when the commitment of resignation is

confirmed. In addition, the requirement for the disclosure of the defined benefit plan is set up.

The Company intended to have the unrecognized prior service cost recognized in full. The liability reserve – non-current was increased by \$5,838, the deferred income tax assets – non-current by \$993, and unappropriated retained earning was decreased by \$4,845 on January 1, 2014, respectively. The liability reserved-non-current was increased by \$5,307, deferred income tax liability – non-current was decreased by \$902, and the unappropriated retained earning by \$4,405 on December 31, 2014. The employee benefit expense was decreased by \$530 and the income tax expense was increased by \$90 in 2014.

2. IAS 1 “Presentation of Financial Statements”

The presentation of the other consolidated profit and loss is amended according to the Standards. The items expressed in the other consolidated profit and loss are classified into two categories according to their nature: “items that are not reclassified as profit and loss subsequently” and “items that are reclassified as profit and loss subsequently.” According to the amendment referred to above, for the consolidated profit and loss account that is expressed in an amount before tax, the related tax should be presented separately in accordance with the said two categories. The Company will have the presentation of the consolidated income statement changed in accordance with the Standards.

3. IFRS 13 “Fair value measurement”

Fair value is defined in the Standards as: the amount to be collected for the assets sold or an amount to be paid for the liabilities transferred by the market participants in an orderly manner on the measurement date. The framework for the measurement of fair value should be based on the viewpoint of market participants; the measurement of non-financial assets should be based on the highest and best state of use; also, the disclosure of fair value measurement should be regulated. According to the assessment performed, the Standards do not have a significant impact on the Company’s financial position and financial performance; also, the disclosure of fair value measurement will be performed.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

The newly released, revised and amended 2013 IFRSs standards and interpretations by the IASB but not yet recognized by the FSC are summarized as follows:

New releases / amendments / revisions of the Standards and Interpretations	The effective date announced by the International Accounting Standards Board
IFRS 9 “Financial instruments”	January 1, 2018
Amendment to IFRSs 10 and IAS 28 “The Assets Sales or Purchase between Investors and Their Affiliates or Joint Ventures”	January 1, 2016
Amendment to IFRSs 10 and 12 and IAS 28 “Investment Entity: Application except for merger”	January 1, 2016
Amendment to IFRS 11 “Accounting for the Acquisition of Joint Venture Equity”	January 1, 2016
Amendment to IFRS 14 “The Control of Deferred Account”	January 1, 2016

New releases / amendments / revisions of the Standards and Interpretations	The effective date announced by the International Accounting Standards Board
Amendment to IFRS No. 15 “Income of Customer Contract”	January 1, 2017
Amendments to IAS 1 “Disclosure Plan”	January 1, 2016
Amendment to IAS 16 and 38 “Clarification of the acceptable depreciation and amortization method”	January 1, 2016
Amendment to IAS 16 and 41 “Agriculture: Plant Production”	January 1, 2016
Amendment to IAS 19 “Defined benefit plans: Employee’s appropriation”	July 1, 2014
Amendment to IAS 27 “Equity method in the Proprietary financial statements”	January 1, 2016
Amendments to IAS 36 “Recoverable amount disclosures for non-financial assets”	January 1, 2014
Amendment to IAS 39 “Derivatives Contract Replacement and Hedge Accounting Continuity”	January 1, 2014
IFRSs Interpretation No. 21 “Taxation”	January 1, 2014
Improvements to IFRSs 2010-2012	July 1, 2014
Improvements to IFRSs 2011-2013	July 1, 2014
Improvements to IFRSs 2012-2014	January 1, 2016

The Company is in the process of assessing the potential impact of the new standards and amendments above and has not yet been able to reliably estimate their impact on the consolidated financial statements.

IV. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these individual financial statements are set out below. These policies have been consistently applied to all the period presented, unless otherwise stated.

(1) Statement of Compliance

The individual financial statements were prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants.”

(2) Basis of Preparation

1. Except for the following items, these individual statements have been prepared under the historical cost convention:
 - (a) Financial assets and liabilities (including derivative instruments) at fair value through profit or loss
 - (b) Available-for-sale financial assets measured at fair value.
 - (c) The defined benefit liability is recognized in accordance with the pension fund assets plus the unrecognized prior period service cost and net present value of the defined benefit obligation.
2. The financial statements prepared in accordance with the International Financial Reporting Standards, international accounting standards, interpretation and interpretation notice (referred to as “IFRSs” hereinafter) that is recognized and approved by the FSC requires the use of some critical accounting estimates; also,

the judgment by the management is required while using the Company's accounting policies. Please refer to Note 5 for the items involving extensive judgment or complexity, or significant assumptions and estimates related to the individual financial statements.

(1) Foreign-currency translations

The items in the Company's individual financial report are measured in the currency (*i.e.* the functional currency) prevailing in the primary economic environment. The individual financial statements are presented in New Taiwan Dollars, which is the Company's functional currency.

1. Foreign Currency Transactions and Balances

- (a) Transactions denominated in foreign currency are translated into a functional currency at the spot exchange rate on the date of the transaction or measurement. Foreign currency differences arising from translating such transactions are recognized in current profit or loss.
- (b) The foreign currency asset or liability balances are revaluated based on spot exchange rate of the balance sheet date, and any exchange difference arising from the adjustment is included in the profit and loss for the year.
- (c) Non-monetary assets and liabilities denominated in foreign currency held at fair value through profit or loss are re-translated at the exchange rates prevailing at the individual balance sheet date; their translation differences are recognized in current profit or loss ; Non-monetary assets and liabilities denominated in foreign currency held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the individual balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currency that are not measured at fair value are translated using the historical exchange rates at the date of the initial transaction.
- (d) All exchange gains and losses are reported in the "Other profits and losses" account of the individual consolidated income statements.

2. Translation of the financial statements of foreign operations

The operating results and financial position of all the Group's entities and affiliated enterprises in the consolidated financial statements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) Assets and liabilities presented in the balance sheet are translated at the closing exchange rates prevailing on the individual balance sheet date.
- (b) Income and expenses presented in the Statement of individual comprehensive income are translated at the average exchange rates for the period.
- (c) All resulting exchange differences are recognized in other comprehensive income.

(4) Criteria for distinguishing Current or Non-Current on the Balance Sheet

1. Assets that meet one of the following criteria are classified as current assets:

- (a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle.

- (b) Held mainly for the purpose of trading
- (c) Assets that are expected to be realized within twelve months from the balance sheet date.
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve month after the balance sheet date.

The Company classifies assets that do not meet any of the above criteria as non-current assets.

2. Liabilities that meet one of the following criteria are classified as current liabilities
 - (a) Liabilities that are expected to be paid off within the normal operating cycle.
 - (b) Held mainly for the purpose of trading
 - (c) Expected to be repaid within 12 months of the balance sheet date
 - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the individual balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classifies liabilities that do not meet any of the above criteria as non-current assets.

(5) Cash Equivalent

“Cash and cash equivalents” in the individual balance sheet includes cash on hand, due from other banks, short-term highly liquid investments that are readily convertible to known amount of cash and subject to an insignificant risk of changes in value.

(6) Financial assets at fair value through profit or loss

1. Financial assets are at fair value through profit or loss are financial assets held for trading purpose. Financial assets are classified as held for trading purpose if acquired principally for the purpose of selling in the short-term. Derivatives are classified as financial assets held for trading purpose unless they are designated as hedges.
2. On a regular way purchase or sale basis, financial assets held for trading purpose are accounted for using trade date accounting.
3. Financial assets at fair value through profit or loss are initially recognized at fair value. Related transaction costs are expensed in current profit or loss. Subsequent appraisal is at fair value, and any changes in the fair value of these financial assets are recognized in profit or loss.

(7) Available-for-sale financial assets

1. Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or not classified in any of the other categories.
2. On a regular way purchase or sale basis, available-for-sale financial assets are accounted for using trade date accounting.
3. Available-for-sale financial assets are initially recognized at fair value plus transaction costs. Subsequent appraisal is at fair value, and any changes in the fair value of these financial assets are recognized in other comprehensive income.

(8) Customers' margin accounts

Customers' margin accounts represent cash margins and premiums collected from futures traders, and their daily marked-to-market differences as required by the Futures Trading Act.

(9) Futures trader equity / Futures transaction deposit receivable

Futures trader equity is the deposit or royalty paid for futures trading, and the differences from settlement of daily market price, and recorded under current liabilities. Can not be offset unless it is the same type of account from the same customer; if futures traders equity is in debit balance, then it should be recorded as futures deposits receivable and seek payment from trader.

(10) Loans and Receivables

Loans and receivables are originated by the entity and refer to amounts receivable from customers arising from the direct Provision of merchandise or services. Loans and receivables are measured at fair value on initial recognition and subsequently at the amortized cost using the effective interest rate less provision for impairment. Short-term non-interest bearing accounts receivable are measured subsequently at the original invoice amount as the effect of discount is insignificant.

(11) Impairment of Financial Assets

1. The Company assesses at each balance sheet date to determine whether there is objective evidence of impairment on a financial asset or a group of financial assets. A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a single or several loss event(s) has (have) occurred after the initial recognition of the asset, and that the "loss event" has an impact on the future cash flows of the asset that can be estimated reliably.
2. Objective evidence that a financial asset or a company of financial assets is impaired includes:
 - (a) Significant financial difficulty of the issuer or debtor;
 - (b) A breach of contract, such as a default or delinquency in interest or principal payments;
 - (c) The lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
 - (d) It becomes probable that the borrower will enter bankruptcy or other financial reorganization;
 - (e) The disappearance of an active market for that financial asset because of the issuer's financial difficulties;
 - (f) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including adverse changes in the payment status of borrowers in the group or changes in national or local economic conditions that correlate with defaults on the assets in the group;
 - (g) Information about significant changes with an adverse effect that have taken place in the technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered; or

- (h) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.
- 3. When the Company assesses that there has been objective evidence of impairment and an impairment loss has occurred, accounting for impairment is made as follows according to the category of financial assets:

- (a) Financial assets measured at amortized cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate, and is recognized in current profit or loss. If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortized cost that would have been at the date of reversal had the impairment loss not been recognized previously. Impairment loss is recognized and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

- (b) Available-for-sale financial assets

The amount of the impairment loss is measured as the difference between the asset's acquisition cost (less any principal repayment and amortization) and current fair value, less any impairment loss on that financial asset previously recognized in profit or loss, and is reclassified from "other comprehensive income" to "profit or loss". If, in a subsequent period, the fair value of an investment in a debt instrument increases, and the increase can be related objectively to an event occurring after the impairment loss was recognized, then such impairment loss is reversed through profit or loss. Impairment loss of an investment in an equity instrument recognized in profit or loss shall not be reversed through profit or loss in the current period. Impairment loss is recognized and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(12) Derecognition of financial assets

When the Company's contractual rights received from the cash flows of financial assets are invalid, the financial assets will be written-off.

(13) Investment accounted for under the equity method/ subsidiaries and associates

1. The term "subsidiaries" as set forth herein refers to all entities (including entities oriented for specific objectives) upon which the Company holds dominating powers in financial and operating policies, normally as the shares of more than 50% of the voting power held by the Company either directly or indirectly. On the investment in subsidiaries, the Company evaluates in the equity method in the individual financial reports.
2. The unrealized gains and losses resulting from the transactions conducted between the Company and its subsidiaries had been written-off. Subsidiaries' financial statements are adjusted to align the accounting policies with those of the Company.
3. The Company recognized the shares of profit and/or loss of subsidiaries after acquisition as the profit and/or loss of the current term, and recognized the shares

of profit and/or loss of other consolidated income after acquisition as other consolidated profit and/or loss of the current term. In the event that the shares of losses in a subsidiary recognized by the Company exceed the Company's equity in that subsidiary, the Company would continually recognize the losses *pro rata* to the shareholder percentages.

4. The term "associates" as set forth herein refers to the entities upon which the Company holds significant effect but holds no controlling power, normally as the shares of more than 20% of the voting power held by the Company either directly or indirectly. Over the investment in associates, the Company adopts equity method, recognizing them at cost at the moment of acquisition.
5. The Company's share of its associates' post-acquisition profits or losses is recognized in profit or loss in the current period, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate (including any other unsecured receivables), the Company does not recognize further losses, unless it has incurred statutory/constructive obligations or made payments on behalf of the associate.
6. When there is equity change in non-profit and loss and other consolidated profit and loss occurring to the affiliated enterprises that do not affect the shareholding of the affiliated enterprises, the Company will have the equity change recognized as "additional paid-in capital" proportionally to the shareholding ratio.
7. Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
8. When the Company disposes of its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are accounted for on the same basis as direct disposal of related assets or liabilities, that is, profit or loss previously recognized in other comprehensive income are reclassified to profit or loss when related assets or liabilities are disposed of. When the Company loses significant influence over the associate, the aforesaid profit or loss is reclassified from retained earnings to profit or loss. If it still retains significant influence over the associate, then the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
9. When the Company disposes its investment in an associate and loses significant influence over this associate, capital surplus previously recognized in relation to the associate is reclassified to profit or loss. If it still retains significant influence over the associate, then the amounts previously recognized are reclassified to profit or loss proportionately in accordance with the disposal percentage.
10. As expressly provided for in "Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants": The profit or loss for the period and other comprehensive income presented in parent company only financial reports shall be the same as the allocations of profit or loss for the period and of other comprehensive income attributable to owners of the parent presented in the

financial reports prepared on a consolidated basis, and the owners' equity presented in the parent company only financial reports shall be the same as the equity attributable to owners of the parent presented in the financial reports prepared on a consolidated basis.

(14) Property and equipment

1. Equipment is initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
2. Subsequent costs are included in the asset's carrying amount or recognized as a spare asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.
3. Subsequent appraisal of equipment is conducted using the cost model and equipment is depreciated using the straight-line method over their estimated useful life. If each component of property, plant and equipment is significant, it is depreciated separately.
4. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors", from the date of change. Useful life of all assets are between 3-6 years

(15) Leased assets/Lease (Lessee)

Operating lease payments less any incentives from the lessor amortized over the lease term using the straight-line method are recognized in profit or loss in the current period.

(16) Intangible assets

1. Seats on domestic and overseas futures exchanges

Seats on overseas futures exchanges are carried at acquisition cost. Upon evaluation, will continue generate net cash flows in the foreseeable future and as such, has an indefinite useful life and is not amortized. The asset is subject to impairment assessment annually.

2. Computer software

Computer software is measured at cost of acquisition and amortized using the straight-line method over the useful life, which is three years.

(17) Losses in non-financial asset

1. The company estimates recoverable amounts on assets with signs of losses on the balance sheet date, and when the recoverable amount is lower than the book value, then loss is recognized. Recoverable amount refers to an asset's fair value less the cost of disposal or the useful value, whichever is the higher. If, in a subsequent period, impairment of the asset ceased to exist or the amount of the impairment loss decreased, the amount of impairment loss recognized previously shall be reversed. The reversal shall not cause the carrying amount of the financial asset

exceeding the depreciated or amortized cost of the asset in the period before recognition of the impairment loss.

2. The recoverable amount of intangible assets of which the useful lives are indefinite shall be assessed on a regular basis. The Group recognizes an impairment loss when the recoverable amount is less than the carrying amount.

(18) Derivative instruments

Derivative financial instruments are measured at fair value at initial recognition and in the subsequent period. Changes in the fair values of derivative instruments are recognized in profit or loss in the current period.

(19) Financial liabilities at fair value through profit or loss

1. Financial liabilities at fair value through profit or loss are financial liabilities held for trading purpose. A financial liability is classified as held for trading, if it is acquired or incurred principally for the purpose of repurchasing it in the near term except for derivatives designated as hedges.
2. Financial liabilities at fair value through profit or loss are measured at fair value at initial recognition. Related transaction costs are expense in the current income statement. Subsequent appraisal is at fair value, and any changes in the fair value of these financial assets are recognized in profit or loss.

(20) Derecognition of financial liabilities

The Company derecognizes a liability when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(21) Employee Benefit

1. Short-term employee benefits

Short-term employee benefits are measured at the discounted amount of the benefits expected to be paid in respect of service rendered by employees and are recognized as expenses in the period when the employees render service.

2. Pension

(a) Defined contribution plan

Under the defined contribution plan, a certain amount of contributions are made to an independent and publicly or privately managed pension fund account. The Group is not under legal or constructive obligation to make additional contributions. The contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid pension assets are recognized to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plan

A. a defined benefit plan is a plan other than the defined contribution plan. Under the defined benefit plan, the amount of pension payment is determined on the basis of the amount of benefit that an employee is entitled to receive upon his or her retirement. The amount is determined on the basis of one or several factors such as age, year of service and salary. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services in current period or prior periods. The liability recognized in the balance sheet in respect of the defined benefit pension

plan is the present value of the defined benefit obligation at the individual balance sheet date less the fair value of plan assets, together with adjustments for unrecognized past service costs. The net defined benefit obligation is calculated annually by actuaries using the Projected Unit Welfare Method. The discount rate is determined by referring to the market yield rate of the government bonds (on the individual balance sheet date), which the individual balance sheet date is consistent with the currency and period of the defined benefit plan.

- B. Confirm that the actuarial gains and losses of the defined benefit plan are recognized as the other consolidated profit and loss upon incurring.
- C. Past service costs are recognized immediately in profit or loss if vested immediately; if not, the past service costs are amortized on a straight-line basis over the vesting period.

3. Termination benefits

Termination benefit is paid to the employees who are eligible for retirement and terminated or voluntarily dismiss in exchange of termination benefit. The Company recognizes an expense upon making clear commitments in the formal, detailed employment termination plan, and when the plan is irrevocable. Termination benefits are provided to encourage employees to voluntarily resign are expensed when it is highly probable that the employees will accept the proposal and that the number of employees accepting may be reliably estimated. Benefits paid more than 12 months after the balance sheet date shall be discounted.

4. Employees' bonuses and remuneration to directors and supervisors

Employees' bonus and directors' and supervisors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. If the accrued amounts for employees' bonus and directors' and supervisors' remuneration are different from the actual distributed amounts as resolved by the shareholders at the shareholders' meeting subsequently, the differences should be recognized based on the accounting for changes in estimates. The Company calculates the number of shares of employees' stock bonus based on the fair value per share at the previous day of shareholders' meeting held in the year following the financial reporting year, after taking into account the effects of ex-rights and ex-dividends.

(22) Income tax

- 1. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
- 2. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with the applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the shareholders resolve to retain the earnings.
- 3. Deferred income tax is recognized, using the balance sheet liability method, on

temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the individual financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination and that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted as of the individual balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

4. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each individual balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.
5. Current income tax and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(23) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities.

(24) Revenue recognition

1. Brokerage fee revenue: Revenue from transaction fees received by a futures commission merchant for executing customers' futures trading orders and is recognized on the execution date.
2. Securities commission revenue: Revenue from commissions received by a futures commission merchant in its conduct of securities introducing broker business. Securities commission revenue is accrued on the basis of the agreed terms and conditions.
3. Clearing and settlement service fee revenue: Revenue from service fees received by a futures commission merchant qualified as a clearing member for providing clearing and settlement services to others and is recognized on the execution date.
4. Net gains in the derivative financial instruments:
 - (a) Gains or losses on futures contracts: Margin deposits for futures trading are carried at cost and are marked to market monthly. Gains or losses arising from contra trading or the futures contract upon maturity are recognized in the income statement in the current period.
 - (b) Options trading: margin deposits for options trading are carried at cost and are marked to market monthly prior to maturity and gains or losses arising from

options trading are recognized in the income statement in the current period.

5. Futures administrative fee revenue: Revenue from administrative fees charged by a futures commission merchant in its conduct of business activities approved by the competent authority and is accrued on the basis of the agreed terms and conditions.
6. Interest income: The interest income of all interest-bearing financial instruments shall be calculated in accordance with the effective interest rate method.

V. Critical accounting judgments, estimates and key sources of assumption uncertainty

The preparation of these individual financial statements requires management to make critical judgments in applying the Company's accounting policies and make critical assumptions and estimates based on the expectation of future events that are believed to be reasonable under the circumstances at the end of the reporting period. The resulting accounting estimates might be different from the related actual results, the judgments and estimates are continually evaluated and adjusted based on historical experience and other factors. Critical accounting judgments, estimates and key sources of assumption uncertainty are explained as follows:

(1) Critical judgments concerning the application of accounting policies

Financial assets- impairment of equity investments

The Company follows the guidance of IAS 39 to determine whether a financial asset-equity investment is impaired. The determination requires significant judgment. The Company evaluates, among other factors, the duration and extent to which the fair value of an equity investment is less than its cost and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

(2) Critical accounting estimates and assumptions

1. Impairment assessment of intangible assets

Throughout the asset impairment evaluation process, the Company needs to rely on subjective judgments and base on the assets implementation patterns and characteristics of the industry to decide the independent cash flows of a specific group of assets, useful life of assets, and possible income and expenses and losses. Any changes in estimates due to economic conditions or the Company's strategy are likely to cause significant impairment in the future. Please refer to attached note 6 (10)

2. Calculation of accrued pension liabilities

The Company must exercise judgment and make estimates to determine the related actuarial assumptions, including the discount rate and the expected rate of return on plan assets used to calculate the present value of defined benefit obligations at the individual balance sheet date. Any changes of actuarial assumptions may have significant impact on the amount of the Company's defined benefit obligations. Please refer to attached note 6 (11)

3. Financial assets- unlisted stocks with no active market at fair value

The Company estimates the fair value of unlisted stocks with no quoted price in an active market by referring to the issuer's recent financing activities, valuation of stock issued by a similar issuer, the issuer's technological development status, market conditions and other economic indicators. Any changes of accounting judgment and estimates may impact the measurement of the fair value of

assets. Please refer to Note 19 (3) for explanations of the fair value of financial instruments.

VI. Descriptions of major accounts

(1) Cash and cash equivalents

	December 31, 2014	December 31, 2013
Petty Cash	\$ 30	\$ 30
Bank Savings		
Check deposits	15	15
Current deposits	231,723	82,827
Fixed deposits	4,450,686	3,926,263
Subtotal	4,682,454	4,009,135
Futures excess margin	590,388	524,395
Commercial notes due within 3 months	201,334	508,334
	<u>\$ 5,474,176</u>	<u>\$ 5,041,864</u>

1. The financial institutions that the Company deals with are with good credit quality; also, the Company deals with a number of financial institutions to diversify credit risk; therefore, the possibility of default is very unlikely. The maximum credit exposure amount on the individual balance sheet date is the book value of cash and cash equivalent amount.
2. Details of the Company's cash and cash equivalents pledged to others as collateral.

(2) Financial assets at fair value through profit or loss

	December 31, 2014	December 31, 2013
Available-for-sale financial assets		
Listed stocks	\$ 79,740	\$ 10,059
Non-hedging derivative instruments	29,711	-
Beneficiary notes	10,000	-
	119,451	10,059
Available-for-sale financial assets evaluation adjustment	3,601	-
	<u>\$ 123,052</u>	<u>\$ 10,059</u>

1. The Company recognized net gain on financial assets held for trading of \$112,612 and \$124,656 for the years ended December 31, 2014 and 2013.
2. The non-hedging derivative instrument transactions and contract information are as follows:

	December 31, 2014	December 31, 2013
Futures contract	\$ 22,394	\$ 8,801
Options Contract	7,317	1,258
	<u>\$ 29,711</u>	<u>\$ 10,059</u>

3. Futures transaction

The Company entered into the futures contract for obtaining the spread. As of December 31, 2014 and 2013, the balance of margin deposit in the futures account totaled \$612,782 and \$533,196, respectively among which the excess totaling \$590,388 and \$524,395, respectively are included in "Cash and cash equivalents".

4. The Company has no financial assets at fair value through profit or loss pledged to

others.

(3) Customer deposit special account / futures traders' equity

	<u>December 31, 2014</u>	<u>December 31, 2013</u>
Customers' margin accounts:		
Bank Savings	\$ 24,222,003	\$ 24,266,435
Settlement institution settlement balance	4,654,335	4,548,350
Other futures trader settlement balance	<u>1,207,028</u>	<u>1,097,429</u>
Customer deposit account balance	30,083,366	29,912,214
Less: fee and interest income to be transferred (	142,543) (	81,938)
Futures transaction tax to be transferred(	1,932) (	1,188)
out		
Temporary receipts	(3,434) (	3,809)
Others	(4,485) (	1,953)
Futures traders' equity	<u>\$ 29,930,972</u>	<u>\$ 29,823,326</u>

(4) Available-for-sale financial assets

	<u>December 31, 2014</u>	<u>December 31, 2013</u>
Current Items:		
Listed stocks	\$ 50,362	\$ -
EFT (Exchange traded fund)	-	29,938
Valuation adjustment on financial assets	1,789 (	1,498)
available for sale.		
Total	<u>\$ 52,151</u>	<u>\$ 28,440</u>
Non-current items:		
Listed stocks	\$ 41,255	\$ 41,255
Non-TWSE/GTSM-listing companies stock	<u>221,132</u>	<u>271,811</u>
Subtotal	262,387	313,066
Valuation adjustment on financial assets	636,831	598,169
available for sale.		
Total	<u>\$ 899,218</u>	<u>\$ 911,235</u>

The Company recognized changes in fair value of \$41,949 and \$132,949 as other comprehensive income for the years ended 2014 and 2013, respectively.

(5) Investments accounted for by the equity method

Investees	<u>December 31, 2014</u>		<u>December 31, 2013</u>	
	Amount	Sharehold ing percentag e	Amount	Sharehold ing percentag e
MF G Investment Consulting Co., Ltd.	\$ 9,326	33.33%	\$ 10,564	33.33%
SYF Information Co., Ltd.	38,388	100.00%	47,190	100.00%
Yuanta Futures (HK) Co., Limited	<u>172,235</u>	<u>100.00%</u>	<u>174,566</u>	<u>100.00%</u>
	<u>\$ 219,949</u>		<u>\$ 232,320</u>	

1. Subsidiary

(2) For more details of the information of the subsidiaries, please refer to Note No. 4 (6) of the Company's Consolidated Financial Report, 2014.

2. Affiliated Enterprises:

(a) Financial information of the Company's major associates is summarized as follows:

				December 31, 2014		2014	
Company name				Assets	Liabilities	Income	Profit or loss
MF G Investment Consulting Co., Ltd.			Taiwan	\$ 28,316	\$ 335	\$ 173	(\$ 3,714)
				December 31, 2013		2013	
Company name				Assets	Liabilities	Income	Profit or loss
MF G Investment Consulting Co., Ltd.			Taiwan	\$ 148,246	\$ 116,551	\$ 27,247	(\$ 12,450)

(b) The “MF Global Multi-Strategy Futures Trust Fund” managed by MF Futures Trust Co., Ltd. was transferred to “Yuanta Securities Investment Trust Co., Ltd.” on October 14, 2013. The Company applied to change its registered company name to MF G Investment Consulting Co., Ltd. on October 28, 2013. The Taipei Municipal Government has approved the application for change of company registration on January 3, 2014.

(c) The invested company referred to above was to arrange capital reduction with 25,900 thousand shares cancelled according to the resolution reached in the extraordinary shareholders’ meeting on November 1, 2013. The Company had received a refund of \$58,243.

3. The Company had recognized investment loss in accordance with the equity method for an amount of NT\$23,400 and NT\$11,155 in 2014 and 2013, respectively.

(6) Business guaranty bond

The 1-year time deposit with 1.36% annual rate was deposited at Yuan Bank with as operation margin on December 31, 2014 and 2013, respectively. Please refer to Note 8 for the pledge in details.

(7) Settlement / clearance fund

Prior to carrying out settlement and clearing operations, Taiwan Futures Exchange Corporation (the “Corporation”) requires its member to deposit NT\$40 million to the clearing and settlement fund held at the Corporation in the first year of membership and the said fee is reduced to NT\$30 million in the second year and thereafter. The Company is also required to deposit a settlement and clearing fund in accordance with the methods and amount prescribed by the Corporation. For each additional futures commission merchant consigning the clearing member to handle clearing and settlement operations, the clearing member shall make a clearing and settlement fund deposit of NT\$3 million with this Corporation before accepting consignment. For each additional branch established by a consigning futures commission merchant, or for each additional futures trading introducing broker consigned by the clearing member or for each additional branch established by such introducing broker, the clearing member shall make a clearing and settlement fund deposit of NT\$1 million with this Corporation.

(8) Property and equipment

	Equipment	Leasehold improvements	Total
1 January 2014			
Cost	\$ 141,277	\$ 83,446	\$ 224,723
Accumulated depreciation	(72,550)	(35,579)	(108,129)
	<u>\$ 68,727</u>	<u>\$ 47,867</u>	<u>\$ 116,594</u>
<u>2014</u>			
January 1	\$ 68,727	\$ 47,867	\$ 116,594

Additions	9,674	2,561	12,235
The current transfer	9,166	-	9,166
Disposal (cost)	(29,812)	(5,337)	(35,149)
Disposal (accumulated depreciation)	29,447	5,337	34,784
Depreciation	(32,066)	(25,761)	(57,827)
December 31	<u>\$ 55,136</u>	<u>\$ 24,667</u>	<u>\$ 79,803</u>
December 31, 2014			
Cost	\$ 130,305	\$ 80,670	\$ 210,975
Accumulated depreciation	(75,169)	(56,003)	(131,172)
	<u>\$ 55,136</u>	<u>\$ 24,667</u>	<u>\$ 79,803</u>

(In Blank hereinafter)

	Equipment	Leasehold improvements	Total
1 January 2013			
Cost	\$ 185,441	\$ 99,302	\$ 284,743
Accumulated depreciation	(104,796)	(42,987)	(147,783)
	<u>\$ 80,645</u>	<u>\$ 56,315</u>	<u>\$ 136,960</u>
<u>2013</u>			
January 1	\$ 80,645	\$ 56,315	\$ 136,960
Additions	18,869	8,513	27,382
The current transfer	5,428	14,038	19,466
Disposal (cost)	(68,461)	(38,407)	(106,868)
Disposal (accumulated depreciation)	68,461	38,407	106,868
Depreciation	(36,215)	(30,999)	(67,214)
December 31	<u>\$ 68,727</u>	<u>\$ 47,867</u>	<u>\$ 116,594</u>
December 31, 2013			
Cost	\$ 141,277	\$ 83,446	\$ 224,723
Accumulated depreciation	(72,550)	(35,579)	(108,129)
	<u>\$ 68,727</u>	<u>\$ 47,867</u>	<u>\$ 116,594</u>

(9) Intangible assets

	Exchange seat	Others	Total
1 January 2014			
Cost	\$ 24,125	\$ 40,516	\$ 64,641
Accumulated amortization	-	(24,131)	(24,131)
Foreign currency valuation	184	-	184
	<u>\$ 24,309</u>	<u>\$ 16,385</u>	<u>\$ 40,694</u>
<u>2014</u>			
January 1	\$ 24,309	\$ 16,385	\$ 40,694
Additions- acquired separately	-	1,400	1,400
The current transfer	-	575	575
Disposal (cost)	-	(22,525)	(22,525)
Disposal (accumulated amortization)	-	22,525	22,525
Amortization	-	(9,652)	(9,652)
Foreign currency valuation	1,505	-	1,505
December 31	<u>\$ 25,814</u>	<u>\$ 8,708</u>	<u>\$ 34,522</u>
December 31, 2014			
Cost	\$ 24,125	\$ 19,391	\$ 44,091
Accumulated amortization	-	(11,258)	(11,258)
Foreign currency valuation	1,689	-	1,689
	<u>\$ 25,814</u>	<u>\$ 8,133</u>	<u>\$ 34,522</u>

	Exchange seat	Others	Total
1 January 2013			
Cost	\$ 24,125	\$ 87,931	\$ 112,056
Accumulated amortization	-	(71,195)	(71,195)
Foreign currency valuation	(440)	-	(440)
	<u>\$ 23,685</u>	<u>\$ 16,736</u>	<u>\$ 40,421</u>
2013			
January 1	\$ 23,685	\$ 16,736	\$ 40,421
Additions- acquired separately	-	1,184	1,184
The current transfer	-	12,150	12,150
Disposal (cost)	-	(60,749)	(60,749)
Disposal (accumulated amortization)	-	60,749	60,749
Amortization	-	(13,685)	(13,685)
Foreign currency valuation	624	-	624
December 31	<u>\$ 24,309</u>	<u>\$ 16,385</u>	<u>(\$ 40,694)</u>
December 31, 2013			
Cost	\$ 24,125	\$ 40,516	\$ 64,641
Accumulated amortization	-	(24,131)	(24,131)
Foreign currency valuation	184	-	184
	<u>\$ 24,309</u>	<u>\$ 16,385</u>	<u>\$ 40,694</u>

(10) Pension

1. (1) The Company has a defined benefit pension plan in accordance with the “Labor Standards Law”, covering all regular employees’ service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. When an employee meets the requirements of retirement, the payment of pension is based on service years and the average salary of the six months prior to retirement, with services within 15 years accumulating 2 basis points per year, and service years beyond 15 years accumulating 1 basis point per year up to a maximum of 45 basis points. The company provisions 2% of total monthly salary to the pension fund in the name of the Pension Supervisory Committee at the Bank of Taiwan.
- (2) The amounts recognized in the balance sheet are as follows:

	December 31, 2014	December 31, 2013
Present value of defined benefit obligation	\$ 55,842	\$ 66,900
Fair value of plan assets	(19,807)	(22,872)
	36,035	44,028
Unrecognized past service cost	(5,307)	(5,838)
Net liability in the individual balance sheet	<u>\$ 30,728</u>	<u>\$ 38,190</u>

(3) Changes in the present value of funded obligations:

	2014	2013
Present value of funded obligations, January 1	\$ 66,900	\$ 67,321
Current service cost	168	1,319
Interest costs	1,290	991
Actuarial gains	(5,463)	(2,404)
Benefits paid	(4,686)	(327)
Others	(2,367)	-
Present value of funded obligations, December 31	\$ 55,842	\$ 66,900

(4) Changes in the fair value of plan assets:

	2014	2013
Fair value of plan assets, January 1	\$ 22,872	\$ 21,756
Expected return on plan assets	457	326
Actuarial gains (losses)	75	(2)
Contribution by employer	1,089	1,119
Benefits paid	(4,686)	(327)
Fair value of plan assets, December 31	\$ 19,807	\$ 22,872

(5) Pension expenses:

	2014	2013
Current service cost	\$ 168	\$ 1,319
Interest costs	1,290	991
Expected return on plan assets	(457)	(326)
Past service cost	531	530
Current pension cost	\$ 1,532	\$ 2,514

(6) Actuarial gains and losses recognized in other comprehensive income:

	2014	2013
Recognized in this period	\$ 5,538	\$ 2,402
Accumulated amount	\$ 30,496	\$ 24,958

- (7) The Bank of Taiwan was commissioned to manage the fund of the Company's defined pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private place equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. The constitution of fair value of plan assets as of December 31, 2014 and 2013 is given in the Annual Labor Retirement Fund Utilization Report published by the government.

Expected return on plan assets was a projection of overall return for the obligations period, which was estimated based on historical returns and by reference to the status of Labor Retirement Fund utilization by the Labor Pension Fund Supervisory Committee and taking account the effect that the Fund's minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks.

The actual return on the Company's plan assets was \$532 and \$324 in 2014 and 2013, respectively.

- (8) Assumptions for the actuation of pension funds are summarized as follows:

	2014	2013
Discount rate	2.00%	2.00%
Future salary increases	3.00%	3.00%
Expected long-term return on plan assets	2.00%	2.00%

The hypothesis of external mortality rate was based on the fifth Mortality Table of the Taiwan Life Insurance industry in 2014 and 2013.

- (9) Historical information of experience adjustments was as follows:

	2014	2013	2012
Present value of defined benefit obligation	\$ 55,842	\$ 66,900	\$ 67,321
Fair value of plan assets	(19,807)	(22,872)	(21,756)
Surplus in the plan	\$ 36,035	\$ 44,028	\$ 45,565
Experience adjustments on plan liabilities	(\$ 5,463)	\$ 2,890	(\$ 26,007)
Experience adjustments on plan assets	\$ 75	(\$ 2)	(\$ 233)

- (10) Expected contributions to the defined benefit pension plan of the Company within one year from December 31, 2014 are \$939.

2. (1) The Company has a retirement policy with a defined pension contribution plan regulated in accordance with the "Labor Pension Act" for the employees of Taiwan nationality since July 1, 2005. The Company has established a defined contribution pension plan (the "New Plan") under the "Labor Pension Act" covering all regular employees. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to an employee's individual pension account at the Bureau of Labor Insurance. The payment of pension benefits is based on an employee's individual pension fund account and the cumulative profit in such account, and employees can choose to receive such pension benefits monthly or in one lump sum.
- (2) For financial year 2014 and 2013, the net pension cost recorded by the company according to the above mentioned pension plans are \$14,428 and \$15,804 respectively.

(11) Share capital

As of December 31, 2014, the Company's authorized capital was \$2,500,000, consisting of 250,000 thousand shares and the Company's issued capital was \$2,322,763 with a par value of \$10 per share. All issued capital of the Company were paid up.

(12) Capital reserve

According to the Company Act, capital reserves from premium income for issuing shares over face values and gift income, not only can offset losses, it can also issue new shares or cash according to the original shareholding when there is no accumulated losses in the company. According to the Securities Transactions Act and its related rules, where capital reserve is applied to supplement capital as above, the total amount cannot exceed 10% of the paid up capital. When the retained earnings of a company is not enough to offset capital losses, the capital reserves cannot be applied.

(13) Special earnings reserve

1. According to Article 18 of the Regulations Governing Futures Commission

Merchants, futures commission merchant is to appropriate 20% of the annual net income as special reserve until the cumulative amount is equivalent to the paid-in capital. The special earnings reserve can not be used for any purposes other than offsetting previous losses, or capitalizing into shared capital up to 50% of its total when the reserve accumulates to half the amount of paid-up capital.

2. Upon first adoption of the IFRSs, Gin-Kuan-Zheng-Chi Letter No. 1010032090 dated July 10, 2012 prescribes that when a company transfers the balance of credit loss reserve to special reserve to offset deficit or where the balance of special reserve is equal to 50% of the paid-in capital, only up to 50% of the balance may be capitalized with the remaining balance retained and not be appropriated for any other purpose.
3. According to the FSC.S&F.Tzi No. 1010048029, an amount equivalent to the net debit amount to the "other equity" booked is appropriated from the current profit and loss and unappropriated earnings of the prior period as a special reserve. For the net debit amount of the "other equity" attributed to the accumulation of prior period, an equivalent amount of special reserve is appropriated from the unappropriated earnings of prior period; also, the special reserve cannot be distributed. If the Company has a special reserve appropriated according to the provisions referred to above, an additional special reserve should be appropriated for the difference between the amount appropriated and the net debit amount to the "other equity." When the net debit amount to the "other equity" is reversed subsequently, the reversed amount can be distributed.

(14) Retained earnings

1. According to the Company article: "Where there is surpluses from the annual account, it is first subject to taxation and reimbursement of losses made in previous years; the remainder is then subject to a 10% provision for legal earnings reserve, and a 20% provision for special earnings reserves. The remaining balance shall be distributed as follows:
 - (a) Employee bonus 0.01%-1%;
 - (b) Remuneration for directors and supervisors 0.1%~1%.
 - (c) Allocation of remaining profit shall be proposed by the board of directors and approved with a shareholder's resolution.

The Dividend appropriation policy of the company is for the board of directors to make a proposal on earnings distribution with at least 50% of available earnings for distribution as shareholders' bonus, where the distribution of cash shall be no lower than 30% of the shareholders' bonus.

2. Legal earnings reserves can only be applied to offset company losses or issue new shares or cash according to the original shareholding ratio, and nothing else. When it is applied to new share or cash issues, the reserve shall be exceeding 25% of the paid-up capital.
3. In accordance with the regulations, the Company shall set aside special reserve from the debit balance of other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
4. The distribution of the Company's 2013 and 2012 earning is resolved in the shareholders' meeting as follows:

	2013		2012	
	Amount	Dividends per share (\$)	Amount	Dividends per share (\$)
Legal earnings reserve	\$ 65,387		\$ 52,391	
Special earnings reserve	130,773		112,933	
Cash dividend	480,812	\$ 2.07	357,705	\$ 1.54
The distribution of cash dividend for \$58,069 from the additional paid-in capital was resolved in the shareholders' meeting of the Company on May 17, 2013.				

5. The Board of Directors proposed in their meeting on March 25, 2015 to appropriate the 2014 earnings as follows:

	2014	
	Amount	Dividends per share (\$)
Legal earnings reserve	\$ 87,060	
Special earnings reserve	174,121	
Cash dividend	613,209	\$ 2.64

The proposal for the appropriation of 2014 earnings had not been resolved by the shareholders' meeting as of March 25, 2015. Information on the employee bonus and remuneration for directors and supervisors as approved by the board of directors and resolved in shareholder meeting can be found on the Market Observation Post System.

6. It was resolved in the Company's shareholders' meeting on May 20, 2014 to have an employee bonus and remuneration to directors and supervisors of 2013 distributed for \$2,935 and \$500, respectively, which was consistent with the amounts recognized in the 2013 financial statements.
7. For the years ended 2014 and 2013, employees' bonuses were accrued at \$2,890 and \$2,935, respectively, and directors' and supervisors' remuneration were accrued at \$700 and \$500, respectively.

(15) Other equity

	Unrealized gains or losses on financial asset available for sale	Exchange differences arising from translating the financial statements of foreign operations	Total
1 January 2014	\$ 596,671	(\$ 12,314)	\$ 584,357
Available-for-sale financial assets:			
- Valuation adjustment in the period	41,949	-	41,949
Foreign currency translation differences:			
- Exchange difference in the period	-	11,029	11,029
December 31, 2014	\$ 638,620	(\$ 1,285)	\$ 637,335

	Unrealized gains or losses on financial asset available for sale	Exchange differences arising from translating the financial statements of foreign operations	Total
1 January 2013	\$ 463,722	(\$ 17,984)	\$ 445,738
Available-for-sale financial assets:			
- Valuation adjustment in the period	132,949	-	132,949
Foreign currency translation differences:			
- Exchange difference in the period	-	5,670	5,670
December 31, 2013	<u>\$ 596,671</u>	<u>(\$ 12,314)</u>	<u>\$ 584,357</u>
(16) <u>Brokerage commission</u>			
		2014	2013
Brokerage fee revenue- domestic exchange futures		\$ 1,510,938	\$ 1,510,674
Brokerage fee revenue- domestic exchange futures		538,141	662,932
Total		<u>\$ 2,049,079</u>	<u>\$ 2,173,606</u>
(17) <u>Net loss on disposal of operating securities</u>			
		2014	2013
Proceeds from sale of securities- Proprietary trading		\$ 483,851	\$ -
Cost of securities sold- Proprietary trading		(496,902)	-
Total		<u>(\$ 13,051)</u>	<u>\$ -</u>
(18) <u>Settlement and clearance fees</u>			
		2014	2013
Clearing and settlement service fee revenue- non-related party		\$ 48,171	\$ 43,586
Clearing and settlement service fee revenue- related party		48,861	33,634
Total		<u>\$ 97,032</u>	<u>\$ 77,220</u>

(In Blank hereinafter)

(19) Gains and losses on derivative instruments

	2014	2013
Non-hedging		
Futures contract profit and loss		
Futures contract profit	\$ 503,669	\$ 446,061
Futures contract loss	(409,986)	(317,469)
	<u>\$ 93,683</u>	<u>\$ 128,592</u>
Options profit and loss		
Options profit	\$ 100,332	\$ 47,984
Options loss	(82,448)	(50,992)
	<u>\$ 17,884</u>	<u>(\$ 3,008)</u>
Non-hedging		
Derivative financial instrument gain	\$ 604,001	\$ 494,045
Derivative financial instrument loss	(492,434)	(368,461)
	<u>\$ 111,567</u>	<u>\$ 125,584</u>

(20) Brokerage commission expenses

	2014	2013
Brokerage commission expenses	\$ 351,358	\$ 344,115
Proprietary trade service charge	11,153	18,524
Total	<u>\$ 362,511</u>	<u>\$ 362,639</u>

(21) Futures commission expenses

	2014	2013
Secondary futures trade	\$ 148,071	\$ 176,884
Futures introducing trade	264,918	285,346
Total	<u>\$ 412,989</u>	<u>\$ 462,230</u>

(In Blank hereinafter)

(22) Operating expenses

	2014	2013
Employee Benefit expenses	\$ 481,387	\$ 507,238
Depreciation	57,827	67,214
Amortization	10,851	19,294
Postage and cable charges	59,452	69,478
Tax losses	74,832	96,953
Computer information expense	75,791	79,432
Discretionary donation	13,270	5,860
Membership fees	15,674	16,219
Operating lease rent	32,754	35,147
Repair expense	23,253	23,647
Advertising expense	13,985	13,069
Professional service expenses	9,121	9,105
Other Expenses	38,780	55,448
Operating expenses	<u>\$ 906,977</u>	<u>\$ 998,104</u>

(23) Employee Benefit expenses

	2014	2013
Salary expenses	\$ 419,273	\$ 441,638
Labor and health insurance premiums	27,051	27,759
Pension cost	13,593	18,318
Resignation benefits	8,640	6,553
Other employee benefits expense	12,830	12,970
	<u>\$ 481,387</u>	<u>\$ 507,238</u>

(24) Other profits and losses

	2014	2013
Interest income	\$ 411,576	\$ 397,823
Dividend income	28,411	58,959
Net foreign exchange profit	55,037	20,353
Net gain(loss) on investment disposal	279,270 (	2,773)
Others	(766)	72,604
Total	<u>\$ 773,528</u>	<u>\$ 546,966</u>

(25) Income tax

1. Income tax expense

(a) Components of income tax expense:

	2014	2013
Current income tax:		
Current income tax	\$ 125,423	\$ 135,394
Underestimated income tax in prior periods	679	2,033
Total Current tax assets	<u>126,102</u>	<u>137,427</u>
Deferred income tax:		
Origin and reversal of temporary differences	2,784	(15,094)
Total deferred income tax	<u>2,784</u>	<u>(15,094)</u>
Income tax expense	<u>\$ 128,886</u>	<u>\$ 122,333</u>

(b) Income tax amounts relating to components of other:

	2014	2013
Actuarial gains and losses of defined benefit obligations	<u>\$ 941</u>	<u>\$ 408</u>

2. Reconciliation of income tax expense and accounting profit

	2014	2013
Income tax derived by applying the statutory tax rate to pre-tax net profit	\$ 169,913	\$ 131,954
Tax-free income by Income Tax Law	(41,706)	1,893
Excluded expenses by Income Tax Law	-	(13,547)
Underestimated income tax in prior periods	679	2,033
Income tax expense	<u>\$ 128,886</u>	<u>\$ 122,333</u>

(In Blank hereinafter)

3. Deferred income tax assets or liabilities arising from temporary differences:

2014				
	January 1	Recognized in loss	Recognize d in other comprehen sive profit	December 31
Timing difference:				
-Deferred income tax assets:				
Accrued pension liabilities	\$ 6,550	(\$ 385)	(\$ 941)	\$ 5,224
Others	1,886	351	-	2,237
Subtotal	<u>8,436</u>	<u>(34)</u>	<u>(941)</u>	<u>7,461</u>
-Deferred income tax liabilities:				
Unrealized foreign exchange profit	(1,958)	(2,750)	-	(4,708)
Total	<u>\$ 6,478</u>	<u>(\$ 2,784)</u>	<u>(\$ 941)</u>	<u>\$ 2,753</u>

2013				
	January 1	Recognized in profit or loss	Recognize d in other comprehen sive profit	December 31
Timing difference:				
-Deferred income tax assets:				
Provision for bad debts	\$ 10,226	(\$ 10,226)	\$ -	\$ -
Accrued pension liabilities	6,313	645	(408:)	6,550
Unrealized foreign exchange loss	3,560	(3,560)	-	-
Others	1,881	5	-	1,886
Subtotal	<u>21,980</u>	<u>(13,136)</u>	<u>(408)</u>	<u>8,436</u>
-Deferred income tax liabilities:				
Unrealized foreign exchange profit	-	(1,958)	-	(1,958)
Total	<u>\$ 21,980</u>	<u>(\$ 15,094)</u>	<u>(\$ 408:)</u>	<u>\$ 6,478</u>

4. The Company's filings of profit-seeking enterprise business income tax returns had been certified by the tax authority up till 2012 (inclusive).

5. Disclosure related to undistributed earnings:

	December 31, 2014	December 31, 2013
1997 and thereafter	\$ 21	\$ 21
1998 and thereafter	875,898	657,844

6. The Company's shareholder tax credit account balance was \$121,755 and \$131,181 on December 31, 2014 and 2013, respectively. The tax credit rate for the distribution of 2013 earnings was 20.50%. The estimated tax credit for the distribution of 2014 earnings was 13.90%.

(26) Earnings per share

	2014		
	After-tax amount	Weighted average outstanding shares (thousand shares)	Earnings per share (\$)
<u>Base earnings per share</u>			
Net income attributable to the common stock shareholders	\$ 870,605	232,276	\$ 3.75
<u>Diluted earnings per share</u>			
Net income attributable to the common stock shareholders	\$ 870,605	232,276	
Number of ordinary share with potential effect of dilution – employee bonus	-	83	
Net income plus the dilution effect of common stock attributable to the common stock shareholders	\$ 870,605	232,359	\$ 3.75
	2013		
	After-tax amount	Weighted average outstanding shares (thousand shares)	Earnings per share (\$)
<u>Base earnings per share</u>			
Net income attributable to the common stock shareholders	\$ 653,867	232,276	\$ 2.82
<u>Diluted earnings per share</u>			
Net income attributable to the common stock shareholders	\$ 653,867	232,276	
Number of ordinary share with potential effect of dilution – employee bonus	-	85	
Net income plus the dilution effect of common stock attributable to the common stock shareholders	\$ 653,867	232,361	\$ 2.81

(27) Operating lease

The Company leases the office premise and equipment under an operating lease agreement. The lease term is from 2011 and 2017. The Group recognized rental expenses of \$32,754 and \$35,147 for the years ended 2014 and 2013, respectively. The future aggregate minimum lease payments under non-cancellable leases are as follows:

	December 31, 2014	December 31, 2013
Less than 1 year	\$ 36,773	\$ 54,961
Over 1 year but less than 5 years	48,355	84,452
	<u>\$ 85,128</u>	<u>\$ 139,413</u>

VII. Related party transactions

(1) Parent company and ultimate controller

The Company is controlled by Yuanta Financial Holding Co., Ltd., which owns 68.65% of the Company's shares. The remaining 31.35% of the Company's shares was held by the general public. The Company's ultimate parent company and controller is both Yuanta Financial Holding Co., Ltd.

(2) Major transactions with related parties

1. Cash and cash equivalent / Operational Deposit / Customer Deposit / Futures trading deposit / interest income

December 31, 2014					
	Bank balance	Business guaranty bond	Customers' Margin Account	Futures trading margin	
				Proprietary capital	Excess margin
Sister companies	\$ 1,362,705	\$ 185,000	\$ 8,501,973	\$ 1,074	\$ 61,269
December 31, 2013					
	Bank balance	Business guaranty bond	Customers' Margin Account	Futures trading margin	
				Proprietary capital	Excess margin
Sister companies	\$ 1,218,747	\$ 185,000	\$ 7,029,045	\$ 567	\$ 23,234

2. Accounts receivable - related parties

	December 31, 2014	December 31, 2013
Sister companies	\$ 4,982	\$ 2,944

3. Other receivables - related parties

	December 31, 2014	December 31, 2013
Sister-company affiliates	\$ 7,775	\$ 5,684
	-	59,800
	\$ 7,775	\$ 65,484

4. Guarantee deposits paid

	December 31, 2014	December 31, 2013
Sister companies	\$ 5,152	\$ 6,534

5. Futures traders' equity

	December 31, 2014	December 31, 2013
Subsidiary	\$ 47,215	\$ 82,407
Sister companies	1,294,822	1,405,777
Funds managed by the sister company	1,094,286	1,272,333
The responsible person and major shareholders of the financial holding company and its subsidiaries	16,101	24,613
Other related parties	325,802	10,627
	\$ 2,778,226	\$ 2,795,757

6. Accounts payable - related parties

	December 31, 2014	December 31, 2013
Sister companies	\$ 25,285	\$ 16,750

7. Other payables - related parties

	December 31, 2014	December 31, 2013
Sister companies	380	183
The responsible person and major shareholders of the financial holding company and its subsidiaries	86	-
	\$ 466	\$ 183

8. Brokerage commission

	2014	2013
Subsidiary	\$ 2,598	\$ 844
Sister companies	27,935	43,907
Funds managed by the sister company	18,845	11,540
The responsible person and major shareholders of the financial holding company and its subsidiaries	3,631	3,014
Other related parties	643	935
	\$ 53,652	\$ 60,240

9. Settlement and clearance fees

	2014	2013
Sister companies	\$ 48,861	\$ 33,634

10. Commission income from securities introducing trade

	2014	2013
Sister companies	\$ 3,588	\$ 2,679

11. Assisting sales income

	2014	2013
Affiliated Enterprises	\$ -	\$ 1,644
Funds managed by affiliated companies	-	34
Sister companies	1,340	359
	\$ 1,340	\$ 2,037

12. Futures commission expenses - futures introducing business and secondary mandate business

	2014	2013
Sister companies	\$ 247,526	\$ 258,458

Our company has executed futures trading assistance business nomination contract with Yuanta Polaris Securities and Yuanta Polaris Securities Hong Kong to conduct futures and options contract trading for customers. Above mentioned decision on payment of commission rate on futures and payment terms towards related parties are not much different from those with non-related parties.

13. Professional service expenses

	2014	2013
Sister companies	\$ 4,372	\$ 4,564

14. Interest income

	2014	2013
Sister companies	\$ 104,443	\$ 100,357

Interest income includes interest received from current savings, term deposits, customers margin account and business guarantee bond, details of business guarantee bond is at note 4(6)

15. Interest expenses

	2014	2013
Sister companies	\$ 4,541	\$ 2,936

16. Rental expense

	2014	2013
Sister companies	\$ 25,381	\$ 26,180
The responsible person of financial holding companies and the business or group operated by major shareholders	-	35
	\$ 25,381	\$ 26,215

The Company pays rents for the office premise based on the market rate for the building and the rents are stipulated and calculated by both parties to the lease agreement.

17. Donation

	2014	2013
Yuanta Foundation	\$ 3,960	\$ 3,500
Polaris Economic Research Center	2,300	2,000
	\$ 6,260	\$ 5,500

18. Trading of property

	December 31, 2014	December 31, 2013
Funds managed by the sister company	\$ 9,525	\$ -

The managed fund interest from the disposal of the sister company was \$358 and \$0 in 2014 and 2013, respectively.

(3) Remuneration to key management

	2014	2013
Salaries and other short-term employee benefits	\$ 127,423	\$ 128,464
Resignation benefits	3,091	776
Post-employment benefits	4,276	5,621
Other long-term benefits	1,638	1,725
Total	\$ 136,428	\$ 136,586

VIII. Collateralized assets

The Company's assets are used as collateral as follows:

	December 31, 2014	December 31, 2013
Business guaranty bond	<u>\$ 185,000</u>	<u>\$ 185,000</u>

IX. Significant contingent liabilities and unrecognized contractual commitments

Commitments

Please refer to Note 6 (27) for details of the operating lease agreement.

X. Losses due to major disasters

none.

XI. Information of derivative transactions

The company is trading in financial derivatives products, details are as follows:

(In Blank hereinafter)

December 31, 2014						
Item	Transacted instrument	Outstanding		Contract value or premiums paid (received)	Fair value	Remarks
		Buy/sell	Number of contracts			
Futures contract (Domestic)	TAIFEX Futures	Buy	97 Lots	\$ 179,262	\$ 180,051	
	TAIFEX Futures	Sell	39 Lots (	70,755) (	72,392)	
	Mini-TAIFEX Futures	Buy	13 Lots	6,028	6,033	
	Mini-TAIFEX Futures	Sell	6 Lots (	2,754) (	7,784)	
	Electronic Sector Index Futures	Buy	35 Lots	51,720	51,772	
	Electronic Sector Index Futures	Sell	5 Lots (	7,398) (	7,396)	
	Finance Futures	Buy	1 Lots	1,087	1,082	
	Finance Futures	Sell	45 Lots (	48,650) (	48,699)	
	Stock Index Futures	Buy	200 Lots	16,174	16,298	
	Stock Index Futures	Sell	142 Lots (	11,313) (	11,341)	
	Currency Futures	Buy	1 Lots	9,608	9,610	
	Currency Futures	Sell	11 Lots (	33,485) (	33,530)	
	Metal Futures	Sell	13 Lots (	45,701) (	45,696)	
	Index Futures	Buy	56 Lots	119,353	118,540	
	Index Futures	Sell	94 Lots (	113,047) (	113,003)	
Futures contract (Offshore)	Energy Futures	Sell	10 Lots (	16,791) (	16,860)	
	Bond futures	Buy	32 Lots	149,032	149,232	
	Produce futures	Buy	59 Lots	27,383	27,456	
	Produce futures	Sell	10 Lots (	8,902) (	8,364)	
	TAIFEX options	Call	871 Lots	3,756	6,045	
	TAIFEX options	Call – put option	946 Lots	3,409	1,272	
	TAIFEX options	Put Option	827 Lots (	2,499) (	4,740)	
	TAIFEX options	Put – Put option	990 Lots (	2,583) (	1,249)	
Options Contract (Domestic)						

December 31, 2013						
Item	Transacted instrument	Outstanding		Contract value or premiums paid (received)	Fair value	Remarks
		Buy/sell	Number of contracts			
Futures contract (Domestic)	TAIFEX Futures	Buy	37 Lots	\$ 63,593	\$ 63,884	
	TAIFEX Futures	Sell	177 Lots (	29,340) (	29,352)	
	Mini-TAIFEX Futures	Sell	18 Lots (	7,604) (	7,770)	
	Electronic Sector Index Futures	Buy	1 Lots	1,228	1,238	
	Finance Sector Index Futures	Buy	2 Lots	2,108	2,111	
	Stock Index Futures	Buy	5 Lots	180	184	
	Stock Index Futures	Sell	5 Lots (	180) (	184)	
	Index Futures	Buy	32 Lots	17,906	18,145	
	Index Futures	Sell	7 Lots (	2,545) (	2,548)	
	Metal Futures	Buy	16 Lots	5,952	6,035	
Futures contract (Offshore)	Metal Futures	Sell	2 Lots (	200) (	194)	
	Energy Futures	Buy	2 Lots	259	257	
	Energy Futures	Sell	9 Lots (	731) (	717)	
	Produce futures	Buy	2 Lots	86	83	
	Produce futures	Sell	14 Lots (	639) (	632)	
	TAIFEX options	Call Option	1,706 Lots	711	1,006	
	TAIFEX options	Put Option	1,819 Lots (	870) (	801)	
	TAIFEX options	Call – put option	1,324 Lots	516	218	
	TAIFEX options	Put – Put option	1,399 Lots (	725) (	377)	
	Stock options	Call Option	305 Lots	6	6	
Options Contract (Domestic)	Stock options	Call – put option	375 Lots	27	27	
	Gold options	Call – put option	3 Lots	2	2	

XII. Compliance to financial ratio covenants mandated by the Futures Trading Act

Article number	Calculation formula	Current period		Previous period		Standards	Execution (Note 3)
		Calculation	Ratio	Calculation	Ratio		
17	Shareholders' equity (Total liabilities – futures merchant's equity)	7,452,433 336,947	22.12	7,005,065 275,873	25.39	≥1	Complying with standard
17	Current assets Current liabilities	35,797,043 30,229,078	1.18	35,102,718 30,056,411	1.17	≥1	Complying with standard
22	Shareholders' equity Minimum paid up capital (Note 1)	7,452,433 1,175,000	634.25%	7,005,065 1,175,000	596.18%	≥60% ≥40% (Note 2)	Complying with standard
22	Adjusted net capital Total margins required for futures traders' outstanding positions	5,804,582 4,052,103	143.25%	5,366,754 3,588,545	149.55%	≥20% ≥15%	Complying with standard

Note 1: “Minimum paid-up capital” is the capital amount or designated operational fund calculated according to the futures merchant establishing standards

Note 2: The standard ratio of owner's equity on minimum paid up capital for offshore futures merchant specializing in re-consignment of offshore futures trading is adjusted to 50% and 30% respectively.

Note 3: “Execution result” column shall be answered whether it complies with the financial ratio requirements, and provide declaration or submit improvement plans to this association and the institution specified by this association when the requirements have not been met.

XIII. Risks specific to a futures commission merchant

- (1) The major risk of futures brokerage business by futures merchants is in credit risk, and when seeking customers' margin account has failed, the credit risk has occurred. The company performs futures trading according to individual customer conditions with daily monitoring of their margin limit, and request customers to increase cash margin or reduce trade positions where necessary to mitigate this risk; and the main risk in proprietary trading by the company is in market risk, meaning the market price of the futures or options contract held are changed by the fluctuation in investment indexes, if market index price and investment targets moves in different directions, then loss will incur. But the company has already establish stop loss points to mitigate this risk for risk management
- (2) Risks specific to futures brokerage business by the company are as follows:
Futures trading is a low guarantee financial leveraging transaction, therefore futures brokerage risk includes: when futures market is not in the favor of trader, in order to maintain customers' margin, the futures commission merchant needs to ask for additional cash margin, and when a trader is unable to balance the account within deadline, the futures commission merchant may liquidate the futures contract held by the trader on their behalf; additional if the market fluctuates sharply, the futures contracts held by traders may not be able to settle, resulting in losses for the futures commission merchant.
- (3) For material financial risk on futures proprietary trading , please refer to attached note 19 (5)

XIV. Segment Financial Information

- (1) General Information – Every income generating products and service types for each reporting segment

The management of the company has already identified reporting segments according to the reporting information used in making decisions by the operational decision makers, based on the main income sources, the operating departments of this company is divided into brokerage and proprietary trading. Main income generating products and services for each segment are as follows:

Brokerage: commissioned to trade in futures transactions assistance business and financial derivatives approved by the law.

Proprietary trading: Trade in domestic or offshore securities, futures and options or other derivatives approved by the supervising authority with proprietary funding.

- (2) Evaluation of department information

1. Evaluation of profit and loss, asset and liabilities of operating departments

The basis for evaluating all operating department earnings, assets and liabilities of the company is consistent with the major accounting policies described in note 4 attached, where the evaluation of earnings performance is based on earnings before income tax.

In order to establish a fair and reasonable performance evaluation system, the income and expenses between each departments of the company has been eliminated at the time of producing external reports.

Where the income and expense can be directly allocated to the profit and loss of the department, it is allocated to the department, whereas indirect expenses and

back office supporting department cost not directly allocated, will be allocated to each operating department using reasonable calculation standards according to the nature of expenditures, and where reasonable allocation is impossible, they are then listed under “other department”

2. Identification of reported segments

Performance evaluation on reporting departments by the company is by way of clearly defined performance indicators with regular reviews and assessments by the management, which is then used as a reference for resource allocation decisions.

(3) Department information – Profit and Loss

In terms of information by departments: As expressly provided for in Article 28 of the Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants: A Futures Commission Merchant (FCM) preparing parent company only financial reports is not required to prepare segment information within the scope of IFRS 8.

XV. Major post-balance sheet events
none.

XVI. Disclosure of major transactions

1. Loans to others: none.
2. Endorsements / guarantees for others: none.
3. Acquisition of real estate properties amounting to more than NTD100 million or 20% of paid up capital: none.
4. Disposal of real estate properties amounting to more than NTD100 million or 20% of paid up capital: none.
5. Discounts on brokerage commissions totaling more than NTD5 million for related party transactions: none.
6. Amounts receivable from related parties totaling more than NTD100 million or 20% of paid up capital: none.
7. Other: Important business transactions between the parent company and subsidiaries and between subsidiaries: None.

(In Blank hereinafter)

XVII. Investment-related information

(I) Name, address and relevant information of the invested companies are as follows:

Name of investor	Name of investee	Location	Main business activities	Sum of initial investment		Period-end holding position			Current period profit / loss of the investee	Investment gains (losses) recognized in the current period	Remarks
				Current period-end	The end of last year	Shares	Ratio	Book value			
Yuanta Futures Co., Ltd.	MF G Investment Consulting Co., Ltd.	Taiwan	Investment consulting and management consulting industry	\$ 13,665	\$ 13,665	1,367 thousand shares	33.33%	\$ 9,326	(\$ 3,714)	(\$ 1,238)	
Yuanta Futures Co., Ltd.	Yuanta Futures (HK) Co., Limited	Hong Kong	Financial Services	193,319	193,319	6,000 thousand shares	100.00%	172,235	(12,056)	(12,056)	
Yuanta Futures Co., Ltd.	SYF Information Co., Ltd.	Taiwan	IT software and information processing service providers	50,000	50,000	5,000 thousand shares	100.00%	38,388	(10,106)	(10,106)	
SYF Information Co., Ltd.	SYF Information (SAMOA) Limited	Samoa	Investment holding	29,046	29,046	1,000 thousand shares	100.00%	25,873	(4,417)	(4,417)	

(II) Information on invested companies, which the company can exercise direct or indirect controls are as follows:

1. Loans to others: none.
2. Endorsements / guarantees for others: none.
3. Acquisition of real estate properties amounting to more than NTD100 million or 20% of paid up capital: none.
4. Disposal of real estate properties amounting to more than NTD100 million or 20% of paid up capital: none.
5. Discounts on brokerage commissions totaling more than NTD5 million for related party transactions: none.
6. Amounts receivable from related parties totaling more than NTD100 million or 20% of paid up capital: none.
7. Other: Important business transactions between the parent company and subsidiaries and between subsidiaries: None.

XVIII. Investments in Mainland China

1. Basic information

Names of investees in Mainland China	Main business activities	Paid-up Capital	Investment Method (Note 1)	The cumulative amount of investment remitted from Taiwan as of the period began	Current remitted or recovered amount of investment		The cumulative amount of investment remitted from Taiwan as of the period began	Gains and losses of the invested company	The Company's directly or indirectly invested shareholding	Investment Profit or Loss for Current Period (Note 2, 3)	Ending investment book value	Investment income remitted back to Taiwan as of the period ended	Remarks
					Remitted	Recovered							
SYF Information (Shanghai) Limited	The R&D and production of calculator software, e-commerce software, and financial software, the sale of self-manufactured products, the wholesale, except for commission, agent, and auction, import/export, and providing related technical advisory services;	\$ 14,995	(II) SYF Information (SAMOA) Limited	\$ 4,887	\$ 10,108	-	\$ 14,995	(\$ 4,470)	100	(\$ 4,470)	\$ 10,429	-	

Company name	The cumulative amount of investment remitted from Taiwan to Mainland China as of the period ended	Investment amount approved by the Investment Commission MOEAIC	Investment amount approved by the Investment Commission MOEAIC
SYF Information Co., Ltd.	\$ 14,995	\$ 14,995	\$ 80,000

Note 1: There are three types of investments labeled by the respective number:

- (1) Direct investment in Mainland China
- (2) Indirect investment in Mainland China through a third country (please specify the investment company in the third country)
- (3) Other methods

Note 2: Recognized as gains or losses on investment in current period:

- (1) Please note if the investee is still under preparation and there was no investment gain or loss.
- (2) Note clearly the basis (three as follows) on which investment gains or losses are recognized.
 1. Financial statements audited and attested by an international accounting firm that has a cooperative relationship with a certified public accounting firm registered in the Republic of China.
 2. Financial statements audited and attested by the independent accounts of the parent company.
 3. Other.

Note 3: Valuation based on the financial statements audited and attested by the independent accounts of the parent company.

Note 4: All amounts are expressed in New Taiwan dollars.

2. Significant transactions with investee companies in the Mainland China, either directly or indirectly through a third country: None.

XIX. Financial risk management

(1) Capital risk management

The Company's capital risk management objectives are to ensure that the Group is capable of continuing operations, to maintain the most appropriate capital structure in order to reduce cost of capital and to maximize returns for shareholders. The Company may make adjustments to dividends paid to shareholders, refund capital to shareholders, issue new shares or sell assets to reduce the level of debts in order to maintain or adjust the Company's capital structure. The Company adopted the return on capital rate after risk adjustment to have the Company's capital allocated reasonably and effectively.

(2) Financial instruments

1. Fair value information of financial instruments

The book value of the Company's financial instruments that are not measured at the fair value, including, cash and cash equivalents, available-for-sale financial assets - current, customer margin accounts, futures margin receivable, notes receivable, accounts receivable, accounts receivable – related party, other receivables, other receivables - related parties, other current assets, available-for-sale financial assets - noncurrent operating margin, clearing and settlement funds, refundable deposits, futures trader equity, accounts payable, payable accounts payable - related parties, other payables, other payables - related parties, and other current liabilities, is close to the fair value.

The Company adopts the following methods and assumptions to estimate the fair values of its financial instruments:

- (a) Short term financial instrument, since effects on cash value is not material, book value is used to estimate its fair value.
- (b) Where a financial assets held for trading is not a derivative financial instrument, its fair value is the market price of an open quotation from an active market.
- (c) Business guarantee bonds, settlement bonds and security deposit does not vary much in cash value, so their book values are used as fair value.
- (d) The fair value of derivative financial instruments is based on the market price published on balance sheet date as the fair price.
- (e) Customers' margin and futures traders' equity are guarantee and royalty received from futures traders, and is valued after close of market every day.
- (f) Where an open quotation exists for financial assets available for sale in an active market, the market price is then the fair value. If the market in which financial instruments traded is not active, the Group then adopts the valuation technique to estimate the fair values. The estimates and assumptions used by the Company when using the valuation technique are consistent with those used by market participants in pricing the financial instruments and that such information is obtainable by the Company. The Company adopts discount rates that are equivalent to the rates of return in financial products of similar characteristics. These characteristics include debtors' credit standing, remaining duration for interest accrual at contracted rates, remaining principal instalments, and payment currency etc.

(g) The methods for determining the fair values of various financial instruments are as follows:

- A. Equity securities: except for those that are mandated by law to assess at cost, all public listed securities are valued using their current closing prices.
- B. Bond instruments: government bond and company bonds shall be valued base on the market price calculated from the average rate of return on the bond published by the securities exchange. Bond derivatives require special valuation models, using the above mentioned yields and market prices as parameters. For bonds without an active market, the yield curve published by OTC will be used as parameters for the valuation model.

2. Presentation of derivative instruments in the financial statements

- (a) The futures margin account balance was \$612,782 and \$533,196 on December 31, 2014 and 2013, respectively, of which, the excess margin balances of \$590,388 and \$524,395 was booked in the “Cash and cash equivalents” and the remaining balance was booked in the “Futures trade margin – proprietary funds.”
- (b) Earnings from futures trading for the years 2014 and 2013 are \$503,669 and \$446,061 respectively, and booked under “Derivative financial instrument gains – futures contract gains”.
- (c) For years 2014 and 2013, proprietary futures trading segment of the company has made gains from trading options in the amounts of \$100,332 and \$47,984, and booked under “Gains from Derivative financial instruments - options trading gains”.
- (d) During the years 2014 and 2013, losses from futures trading are \$409,986 and \$4317,469, and booked under “Loss from derivative financial instruments - futures contract losses”.
- (e) For years 2014 and 2013, proprietary futures trading segment of the company has made gains from trading options in the amounts of \$82,448 and \$50,992, and booked under “Loss from Derivative financial instruments - options trading losses”.
- (f) As of December 31, 2014 and 2013, options sold totaling \$5,989 and \$1,178, were included in “liabilities on sale of options” under “Financial liabilities at fair value through profit or loss- current”. At years ending December 31, 2014 and 2013, the call option balances are \$7,317 and \$1,258 respectively, and were booked under “call option - non-hedging” of “financial assets with Fair value variance through to profit and loss - current”.

(3) Fair value estimation

1. The table below analyzes financial instruments measured at fair value, by the valuation technique: The respective levels of the fair value hierarchy are defined as follows:

Level 1: Quoted prices (unadjusted) in an active market for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly

(that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data.

The Company's financial assets and liabilities that are measured at fair value as at December 31, 2014 and 2013 are presented as follows:

December 31, 2014	Class I	Class II	Class III	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Equity securities	\$ 83,816	\$ -	\$ -	\$ 83,816
Beneficiary notes	9,525	-	-	9,525
Futures trade	22,394	-	-	22,394
Options trade	7,317	-	-	7,317
Available-for-sale financial assets				
Equity securities	136,334	-	815,035	951,369
Total	<u>\$ 259,386</u>	<u>\$ -</u>	<u>\$ 815,035</u>	<u>\$ 1,074,421</u>

Financial liabilities:

Financial liabilities at fair value through profit or loss

Options trade	<u>\$ 5,989</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,989</u>
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December 31, 2013	Class I	Class II	Class III	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Futures trade	\$ 8,801	\$ -	\$ -	\$ 8,801
Options trade	1,258	-	-	1,258
Available-for-sale financial assets				
EFT (Exchange traded fund)	28,440	-	-	28,440
Equity securities	70,164	-	841,071	911,235
Total	<u>\$ 108,663</u>	<u>\$ -</u>	<u>\$ 841,071</u>	<u>\$ 949,734</u>

Financial liabilities:

Financial liabilities at fair value through profit or loss

Options trade	<u>\$ 1,178</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,178</u>
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- The fair value of financial instruments traded in active markets is based on quoted market prices at the individual balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent

actual and regularly occurring market transactions at arm's length. The quoted market price used for financial assets held by the Company is the closing price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily equity instruments and debt instruments classified as financial assets/liabilities at fair value through profit or loss or available-for-sale financial assets.

3. The fair value of financial instruments that are not traded in an active market (such as derivatives traded over the counter) is determined by using the valuation technique. The valuation technique maximizes the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to calculate the fair value of a financial instrument are observable, the instrument is included in Level 2.
4. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.
5. Specific valuation techniques used to value financial instruments include:
 - (a) Quoted market prices or dealer quotes for similar instruments.
 - (b) Other valuation techniques, such as discounted cash flow analysis, are used to determine the fair value of all other financial instruments.
6. The following table presents the changes in Level 3 instruments for the years ended December 31, 2014 and 2013.

	Equity securities
January 1 2014	\$ 841,071
Current disposal	(156,817)
Gains recognized in the current profit or loss	(278,150)
Gain or loss recognized in other comprehensive profit or loss	408,931
December 31, 2014	<u>\$ 815,035</u>
	Equity securities
January 1 2013	\$ 739,485
Gain or loss recognized in other comprehensive profit or loss	101,586
December 31, 2013	<u>\$ 841,071</u>

(4) Risk management system

1. Risk management objective

The Company establishes appropriate and effective risk management methods, models and systems by continuously enhancing the completeness of our risk management mechanism. The Company rigorously monitors the status and changes of the overall risks and controls the potential losses that may arise from operations within a scope that is manageable by the Company's capital and businesses; and under this presumption, the Company effectively and appropriately allocates capital to enhance the rate of risk adjusted return on capital.

2. Risk management system

The risk management of the Company is pursued in accordance with the risk management policy of the financial holding parent and the requirements of "Risk

Management Best-Practice Principles for Commission Futures Merchants” of TSEC. The Company has established the “Risk Management Policy” that has been approved by the Board whereby the objective, scope, authority and responsibility of risk management system of the Company have been explicitly stated. This shall be the supreme guideline for the enforcement of risk management.

3. Risk management organizations

- (a) The risk management organization of the company includes the board of directors, audit committee, senior managements, risk management department, legal compliance department, audit department, all business units and each functional committee to collective form three layers in risk management.
 - A. First Layer: Each business unit and each functional committee for the daily operation and management, and is the unit and personnel for risk identification, self-evaluation and execution and implementation of controls.
 - B. Second Layer: Including senior managements, risk management department, legal compliance department; their duties are to conduct risk monitoring, management and emergency response measures according to risk appetite and standards; Apart from the regular organizations, we also participate in the “Risk management committee” of the financial holding company whom we belong to, in order to strengthen the integrated risk control.
 - C. The third line of defense: the Board of Directors, Audit Committee and Audit Department are the last line of defense. The Audit Department adopts a risk-based approach to audit to ensure that the Company’s various risks are effectively controlled.
- (b) Main functions of each units within the risk management organizations in the company:
 - A. Board of Directors: The Board of Directors is ultimately responsible for the managing the risks arising from the Company’s various operations. As such, the Board must be fully informed of the risks confronting the Company to determine the risk appetites, accurately allocate resources and delegate risk management responsibilities to the managers under an effective risk management structure. The board of directors of the company regularly listen to risk management and other related reports from the risk management department, audit department and the finance department, weighing up between financial and business related requirement with impacts on capital allocations, and considers the collective effect from all risk from the overall company perspective to decide on risk response strategy.
 - B. Audit Committee: assist the board of directors in supervising the execution of all risk management systems, its duties include: review of risk appetite and risk tolerance, review of risk management policies and related guidelines, review of all annual risk limit authorization, and supervise execution of risk management system of the company.
 - C. Risk Management Department: Reporting directly to the Board of Directors and is responsible for managing the Company’s market risk, liquidity risk and credit risk and jointly controls operations risk with the

audit department. The main duty of risk management department is in the actual monitoring, measuring and assessing of daily risks of the company. It performs its duties independent of the business units and trading activities, and is accountable directly to the board of directors. In practice, through application of the risk management information system, to perform real time monitoring of market in progress and summary analysis after market close, to detect and inspect the risk limit utilization status by each business units, evaluate risk exposures and concentrations with complete risk management related reports provided when appropriate.

- D. Internal Audit Department: Internal Audit is an independent department similar to the Risk Management, which are both created under the Board of Directors. Its responsibility is to ensure regulatory compliance and compliance to internal policies within The Company, while supervising to ensure effective management over operational risks. The Company has complied with the internal control policies set forth by the competent authority and audit its business activities. Also, The Company is able to adjust its operational risk procedures to accommodate any changes in policy by the competent authority, Taiwan Futures Exchange, or Chinese National Futures Association.
- E. Compliance Department: The Compliance Department is responsible for supervising compliance within The Company and reviewing the legitimacy of contractual documents. Furthermore, The Compliance Department offers professional opinions on any legal issues which The Company may encounter while engaging in business activities, such as the legal risks involved in product contracts or transactions. It works with the Internal Audit Department to ensure regulatory compliance.
- F. Business units: Business units are the forefront of our risk management framework. The unit heads are responsible for all risk management issues associated with their business and trading activities. It is part of their jobs to analyze risks, develop responsive plans, and execute contingent measures whenever necessary. They are required to report to the Risk Management Department and ensure that risk control mechanisms are properly implemented, and comply with regulatory requirements as well as The Company's risk management policies.

4. Risk management procedure

The risk management procedure of the Company is divided into 4 steps, namely, risk identification, risk assessment, risk management, and risk reporting. The purpose of the design of risk management procedure is to ensure all risks internal to the Company can be effectively managed.

- (a) Risk identification: the Company identifies its risk mainly through business or product analysis whereby the risks confronting the operation of the Company, including market risk, credit risk, liquidity risk, operation risk, legal risk and model risk, can be identified. Relevant risks factors were identified by sources of risks basing on which appropriate risk assessment methods were selected for determining suitable risk indicators and standards, risk control procedure and integration with the internal control system.
- (b) Risk evaluation: The Company measures market risk using scenario analysis, sensitivity analysis and the VaR (value at risk) model; the Company evaluates

credit risk using the credit rating system and options valuation model (such as KMV) in accordance with the Group's credit risk rating system; the Company evaluates operational risk by establishing standardized operational procedures and a reporting mechanism for internal and external events, reviewing current operational procedures and by using operational risk management tools.

- (c) Risk management: the risk monitoring and management of the Company is pursued through the design of management tools, the proper enforcement of the limits, and the assignment of authority and responsibilities. Different management tools, risk management information systems and reports have been designed by the nature of different risks. Through the proper use of management tools, the Company can enhance the efficiency and upgrade the quality of risk management, to the extent that risk monitoring and management can be pursued as substantive procedure and can be duly observed.
- (d) Risk report: The result of risk management is manifested in the forms of risk management report, routine disclosure of risks, and risk management execution report. Such information helps the senior management to map out relevant policy and pursue timely risk management.

5. Hedging and risk mitigation strategies

The Company stipulates hedging instruments and mechanism according to the size of capital and risk tolerance and effectively controls the Company's risks within pre-approved limits by using appropriate hedging mechanisms. Hedging is achieved by utilizing the authorized financial instruments according to market movements, business strategy, product attributes and risk management regulations. The overall risk structure and risk standards are adjusted to an acceptable level.

(5) Market risk

The Company's financial assets include bank deposits, government bonds, treasury bills, bank debentures, negotiable certificate of deposits, commercial papers or other short-term notes approved by the Ministry of Finance and investment in securities listed on the domestic exchange and GreTai securities market, securities investment trust fund, offshore funds offered or sold in the Republic of China as approved or effected by the competent authority, futures trust fund, futures transactions announced by the competent authority in accordance with Article 5 of the Futures Trading Act, bond option hedges conducted by financial institutions that offer bond option trading and other instruments approved by the competent authority. The risks associated with these instruments primarily arise from market price and interest rate fluctuations that result in changes in the assets' values.

The Company has put in place risk management policies for the various instruments in order to manage market risk, including Proprietary Trading Risk Management Guidelines and Risk Management Guidelines for Medium- and Long-term Investments. The Company also puts in place control mechanisms, such as limits on positions, stop-loss limits and exception management according to the risk attributes of the various instruments. The Company uses the VaR model to undertake quantitative and integrated management of market risk to accurately evaluate and monitor the market risk of the respective positions.

The market risk evaluation model estimates the maximum potential loss on current positions on the next day with a 99% confidence level. The average VaR for the 2014 was \$5,517. The VaRs according to different groups of trading activities were \$4,364,

\$3,173, \$771 and \$198 for equity, instruments, exchange rates and interest rate, respectively; the average VaR for the 2013 was \$4,324. The VaRs according to different groups of trading activities were \$2,052, \$3,630, \$638 and 0.3 for equity, instruments, exchange rates and interest rate, respectively (see below).

[Table] VaR information for the various groups of trading activities

Statistical period: 2014

Unit: NTD thousand

Classification	Equity	Instrument	Exchange rate	Interest rate	Total
103/12/31	\$ 3,457	\$ 1,782	\$ 191	\$ 451	\$ 3,322
Average	4,364	3,173	771	198	5,517
Lowest	700	302	-	-	891
Highest	15,599	7,969	3,103	702	17,719

Statistical period: 2013

Unit: NTD thousand

Classification	Equity	Instrument	Exchange rate	Interest rate	Total
102/12/31	\$ 1,078	\$ 939	\$ -	\$ -	\$ 1,441
Average	2,052	3,630	638	0.3	4,324
Lowest	-	-	-	-	-
Highest	22,073	21,531	7,064	58	22,237

Note 1: The table contains VaR information for futures proprietary trading, securities proprietary trading but excludes medium- and long-term securities investment.

Note 2: Common VaR may be less than the total of VaR for the equity group, instrument group, exchange rate group and interest rate group due to risk diversification effects.

The Company continuously undertakes model verification and retrospective testing to ensure that the VaR model may reasonably, completely and accurately measure the maximum potential risks of a specific financial instrument or investment portfolio.

(6) Credit risk analysis

The Company's exposure to credit risk arising from financial transactions pertains to the risk of loss that the issuers or counterparties might default on contracts and the credit risk of the underlying assets.

- (a) Issuer credit risk refers to the risk of loss that may be suffered by the Company arising from default by the issuer (or guarantor) or a bank on debt instruments or bank deposits held by the Company due to breach of contract, bankruptcy or liquidation.
- (b) Counterparty credit risk refers to the risk of loss that may be suffered by the Company due to the counterparty's failure to settle or make payments on the agreed date.
- (c) Credit risk arising from underlying securities refers to the risk of loss associated with a deterioration in the credit quality, increase in the risk premium and downward revision of the credit rating of the assets to which a financial instrument is linked, and credit event as defined in the agreement.

The Company is exposed to credit risk from financial assets including bank deposits, debt securities, OTC derivatives, RP/RS agreements, securities lending, refundable deposit for short sale securities loan, margin deposit for futures trading, other refundable deposits and receivables.

1. Concentration of credit risk exposure

(a) By geographic location:

The Company is exposed to credit risk arising from financial assets as follows. The exposures are concentrated in R.O.C. (92.77%), Asia (4.09%, excluding R.O.C.) and Europe (3.04%) on December 31, 2014. The percentage of investment in Asia is increased in current year over the previous period.

Area	December 31, 2014	December 31, 2013
Taiwan	\$ 33,688,039	\$ 33,535,320
Asia (excluding Taiwan)	1,484,068	1,269,449
Europe	1,103,810	886,635
America	38,176	59,146
Others	-	1,601
Total	<u>\$ 36,314,093</u>	<u>\$ 35,752,151</u>

(b) By industry:

On December 31, 2014, The Company's exposures to credit risk arising from financial assets by industry (as shown in the table below) are concentrated on financial institutions (99.96%) where exposures to credit risk of other industry groups was minimal at less than 1%. This is due to the fact that the Company's core equity and customers' margin deposits are held at financial institutions and that the Company also holds debt securities issued or secured by banks. In addition, the counterparties to derivative transactions and RP/RS transactions are financial institutions including banks, futures clearing and settlement corporation and sub-brokered futures merchants. There was little change in the concentration status comparing to that of the same period last year.

By industry	December 31, 2014	December 31, 2013
Private enterprise	\$ 5,885	\$ -
Financial institutions	36,298,413	35,739,956
Natural person	4	-
Others	9,791	12,195
Total	<u>\$ 36,314,093</u>	<u>\$ 35,752,151</u>

2. Analysis of credit risk quality

The Company classifies credit risk into four categories including Good, Moderate, Substandard and Other, which are defined as follows:

- Sound: The company or the issuer of the underlying securities demonstrates a sound capacity to meet financial commitments even when confronted with significant uncertainties or exposed to highly unfavorable conditions.
- Moderate: The company or the issuer of underlying securities demonstrates an acceptable capacity to meet financial commitments, however, such capacity may deteriorate when confronted with significant uncertainties or exposed to highly unfavorable conditions.
- Substandard: The capacity of company or the issuer of underlying securities to meet financial commitments is relatively substandard and may vary according to the operating environment and financial condition.
- Other: Indicates that the company or the issuer of underlying securities defaulted on financial commitments or the credit risk cannot (need not) be

graded internally due to other factors.

The financial assets of the Company are grouped into the following categories according to their credit quality. On December 31, 2014, “Sound” credit exposure made up 99.74% of total exposures, while “Moderate” made up 0.23% and “Substandard” 0.03%. There has been little change in the classification of the Company’s exposure to credit risk arising from financial assets.

By quality classification	December 31, 2014	December 31, 2013
Excellence	\$ 36,218,444	\$ 35,487,550
Average	82,977	250,045
Before average	12,641	14,556
Others	31	-
Total	<u>\$ 36,314,093</u>	<u>\$ 35,752,151</u>

(In Blank hereinafter)

(7) Liquidity risk analysis

1. Liquidity risk refers to the risk of inability to source sufficient funds within an expected timeframe, thus resulting in default on maturity. The Company manages liquidity risk according to the nature of businesses, formulates liquidity indicators and sets pre-warning indicators such as the current ratio, limits on borrowings and liquidity gaps to evaluate the liquidity gaps for the respective maturities and hence to effectively manage the overall liquidity risk. The Company also sets up a contingency liquidity plan sufficient to respond to systematic risk events or abnormal liquidity flows to fully cover the Company's liquidity risk. The Company puts in place regulations governing fund utilization and liquidity risk management on the basis of ensuring current assets are easily convertible to cash, marketable and secure. The regulations cover bank deposits, bonds, and RP/RS transactions, which must meet specific internal credit rating standards. The Company monitors open positions and liquidity status from time to time.
2. The maturity analysis on the Company's financial liabilities is as follows. The Company has sufficient operating capital to meet future funding requirements and as such, the company is not subject to the risk of being unable to source funds to meet its financial commitments.

Statement of Financial Liabilities Cash Flow Analysis on December 31, 2014

Account Code	Financial liabilities	Payment period					Total
		Current	Within 3 months	3~12 months	1~5 years	After 5 years	
212000	Financial liabilities at fair value through profit or loss- current	\$ 5,989	\$ -	\$ -	\$ -	\$ -	\$ 5,989
214080	Futures traders' equity	29,930,972	-	-	-	-	29,930,972
214130	Accounts payable	423	92,037	508	-	-	92,968
214140	Accounts payable - related parties	-	25,285	-	-	-	25,285
214170	Other payable	-	132,629	8,196	1,985	197	143,007
214180	Other payables - related parties	-	466	-	-	-	466
219000	Other current liabilities	-	4,502	3,434	12	-	7,948
	Total	\$ 29,937,384	\$ 254,919	\$ 12,138	\$ 1,997	\$ 197	\$ 30,206,635
	Percentage of total	99.11%	0.84%	0.04%	0.01%	0.00%	100.00%

Statement of Financial Liabilities Cash Flow Analysis on December 31, 2013

Account Code	Financial liabilities	Payment period					Total
		Current	Within 3 months	3~12 months	1~5 years	After 5 years	
212000	Financial liabilities at fair value through profit or loss- current	\$ 1,178	\$ -	\$ -	\$ -	\$ -	\$ 1,178
214080	Futures traders' equity	29,823,326	-	-	-	-	29,823,326
214130	Accounts payable	-	47,263	508	-	-	47,771
214140	Accounts payable - related parties	-	16,750	-	-	-	16,750
214170	Other payable	-	118,852	9,788	14,765	197	143,602
214180	Other payables - related parties	-	183	-	-	-	183
219000	Other current liabilities	-	-	5,774	-	-	5,774
	Total	<u>\$ 29,824,504</u>	<u>\$ 183,048</u>	<u>\$ 16,070</u>	<u>\$ 14,765</u>	<u>\$ 197</u>	<u>\$ 30,038,584</u>
	Percentage of total	99.29%	0.61%	0.05%	0.05%	0.00%	100.00%

Note: The amounts of financial liabilities presented in the statement of cash flows are presented on cash basis and not discounted.

Statement of Cash Flow Gap on December 31, 2014

Account Code	Financial assets	Collection period					Total
		Current	Within 3 months	3~12 months	1~5 years	After 5 years	
111100	Cash and cash equivalents	\$ 1,023,489	\$ 2,195,815	\$ 2,254,872	\$ -	\$ -	\$ 5,474,176
112000	Financial assets at fair value through profit or loss- current	123,052	-	-	-	-	123,052
113400	Available-for-sale financial assets-current	52,151	-	-	-	-	52,151
114070	Customers' margin accounts	30,083,366	-	-	-	-	30,083,366
114080	Futures margin receivable	16	-	-	-	-	16
114130	Accounts receivable	-	9,735	-	-	-	9,735
114140	Accounts receivable - related parties	-	4,982	-	-	-	4,982
114170	Other receivable	-	37,176	31	-	-	37,207
114180	Other receivables - related parties	-	7,775	-	-	-	7,775
119990	Other current assets	-	5	-	-	-	5
123400	Available-for-sale financial assets-non-current	-	-	-	899,218	-	899,218
129010	Business guaranty bond	-	-	-	-	185,000	185,000
129020	Settlement / clearance fund	-	-	-	-	479,669	479,669
129030	Guarantee deposits paid	-	-	-	9,768	-	9,768
	Subtotal	\$ 31,282,074	\$ 2,255,488	\$ 2,254,903	\$ 924,331	\$ 664,669	\$ 37,366,120
	Cash inflow	31,282,074	2,255,488	2,254,903	924,331	664,669	37,366,120
	Cash outflow	29,937,384	254,919	12,138	14,765	197	30,206,635
	Capital gap	\$ 1,344,690	\$ 2,000,569	\$ 2,242,765	\$ 909,566	\$ 664,472	\$ 7,159,485

Unit: NTD thousand
Statement of Cash Flow Gap on December 31, 2013

Account Code	Financial assets	Collection period					Total
		Current	Within 3 months	3~12 months	1~5 years	After 5 years	
111100	Cash and cash equivalents	\$ 1,115,601	\$ 759,380	\$ 3,166,883	\$ -	\$ -	\$ 5,041,864
112000	Financial assets at fair value through profit or loss- current	10,059	-	-	-	-	10,059
113400	Available-for-sale financial assets-current	28,440	-	-	-	-	28,440
114070	Customers' margin accounts	29,912,214	-	-	-	-	29,912,214
114110	Notes receivables	-	162	-	-	-	162
114130	Accounts receivable	-	2,923	-	-	-	2,923
114140	Accounts receivable - related parties	-	2,944	-	-	-	2,944
114170	Other receivable	-	30,535	-	31	-	30,566
114180	Other receivables - related parties	-	65,484	-	-	-	65,484
119000	Other current assets	-	16	-	-	-	16
123400	Available-for-sale financial assets-non-current	-	-	-	911,235	-	911,235
129010	Business guaranty bond	-	-	-	-	185,000	185,000
129020	Settlement / clearance fund	-	-	-	-	490,030	490,030
129030	Guarantee deposits paid	-	-	-	12,147	-	12,147
	Subtotal	<u>\$ 31,066,314</u>	<u>\$ 861,444</u>	<u>\$ 3,166,883</u>	<u>\$ 923,413</u>	<u>\$ 675,030</u>	<u>\$ 36,693,084</u>
	Cash inflow	<u>\$ 31,066,314</u>	<u>\$ 861,444</u>	<u>\$ 3,166,883</u>	<u>\$ 923,413</u>	<u>\$ 675,030</u>	<u>\$ 36,693,084</u>
	Cash outflow	<u>29,824,504</u>	<u>183,048</u>	<u>16,070</u>	<u>14,765</u>	<u>197</u>	<u>30,038,584</u>
	Capital gap	<u>\$ 1,241,810</u>	<u>\$ 678,396</u>	<u>\$ 3,150,813</u>	<u>\$ 908,648</u>	<u>\$ 674,833</u>	<u>\$ 6,654,500</u>

Yuanta Futures Co., Ltd. - Managed Futures Department
(Originally: Polaris Futures Co., Ltd. – Managed Futures Department)
Employee benefit, Depreciation, Other operating expenses statement
January 1 to December 31 2014

Unit: NTD thousand

(8) Exchange rate risk

The Company is subject to exchange rate risks as the Group's business involves several non-functional currencies. Details of foreign currency assets and liabilities subject to significant exchange rate fluctuations are as follows:

(Foreign currency: Functional currency)	December 31, 2014		December 31, 2013	
	Foreign currency (NT\$1000)	Exchange rate	Foreign currency (NT\$1000)	Exchange rate
<u>Financial instruments</u>				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$ 406,673	31.6500	\$ 428,899	29.8050
JPY:NTD	571,241	0.2646	1,085,210	0.2839
HKD:NTD	51,171	4.0800	60,977	3.8430
EUR:NTD	3,861	38.4700	3,219	41.0900
GBP:NTD	952	49.2700	971	49.2800
AUD:NTD	484	25.9050	387	26.5850
SGD:NTD	61	23.9400	83	23.5800
RMB:NTD	260,757	5.0920	251,837	4.9190
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	399,966	31.6500	424,815	29.8050
JPY:NTD	462,722	0.2646	967,271	0.2839
HKD:NTD	42,982	4.0800	54,042	3.8430
EUR:NTD	3,685	38.4700	3,050	41.0900
GBP:NTD	626	49.2700	695	49.2800
AUD:NTD	472	25.9050	387	26.5850
SGD:NTD	60	23.9400	81	23.5850

(In Blank hereinafter)

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

I. Consolidated financial status

Unit: NTD thousand

Item	Year	2014	2013	Difference	
				Amount	Variation (%)
Current assets		36,003,882	35,378,071	625,811	1.77
Fixed assets		80,954	120,415	(39,461)	(32.77)
Intangible assets		41,599	40,694	905	2.22
Other assets		1,599,554	1,627,340	(27,786)	(1.71)
Total assets		37,725,989	37,166,520	559,469	1.51
Current liabilities		30,234,715	30,118,667	116,048	0.39
Non-current liabilities		38,841	42,788	(3,947)	(9.22)
Total liabilities		30,273,556	30,161,455	112,101	0.37
Share capital		2,322,763	2,322,763	0	0
Capital reserve		1,940,976	1,940,976	0	0
Retained earnings		2,551,359	2,156,969	394,390	18.28
Other equity		637,335	584,357	52,978	9.07
Total shareholders' equity		7,452,433	7,005,065	447,368	6.39

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

- (1) Fixed Assets: It was due to the decrease of property and equipment acquisition over the previous period.

II. Consolidated financial performance

Unit: NTD thousand

Item	Year	2014	2013	Increase (decrease)	Variation (%)
Operating revenues		2,274,034	2,396,759	(122,725)	(5.12)
Operating gross profit		1,160,488	1,241,706	(81,218)	(6.54)
Operating gains and losses		227,323	225,979	1,344	0.59
Non-operating revenues and expenses		772,168	550,221	221,947	40.34
Earnings before tax		999,491	776,200	223,291	28.77
Income tax expense		128,886	122,333	6,553	5.36
Current period net profit		870,605	653,867	216,738	33.15
Current other general gains and losses (post-tax profit or loss)		57,575	140,613	(83,038)	(59.05)
Total comprehensive income for the period		928,180	794,480	133,700	16.83

- (1) Significant variations in the last 2 years (for variations above 20%)
 1. Non-operating income and expenses: It was due to the increase of profit from the current disposal of stocks and exchange gain.

2. Earnings before tax: It was due to the increase of profit from the current disposal of stocks and exchange gain.
 3. Current period net profit: It was due to the increase of profit from the current disposal of stocks and exchange gain.
 4. Other current omnibus profit or loss (after tax): It was due to the decrease of unrealized profit or loss of the current available-for-sale financial assets and the increase of the exchange spread from the conversion of financial statements of foreign institutions.
- (2) Expected sales and the basis of estimation, the likely impacts on The Company's future financial position, and responsive plans

The compilation of 2015 budget of the company is based on the actual business performance of each profit center in 2013 and the current business achievement forecasted for 2014, together with the business development strategy of the entire company. In addition, the government is continually developing domestic futures market, researching and launching new futures instruments, reducing investment restrictions and taxes, all the above are helping the overall futures market transaction volume to further expand in the future. As the first OTC futures merchant in the country, the company hopes to base on the good foundation already established to collaborate with the policies of the authorities and continues to grow with the futures market of Taiwan.

III. Consolidated cash flow

- (1) Changes in consolidated cash flow for the current year (2014)

Unit: NTD thousand

Opening cash balance (1)	Net cash flow from operating/investing/financing activities for the year (2)	Cash outflow for the year (3)	Cash surplus (deficit) (1) + (2) - (3)	Financing of cash deficits	
				Investment plans	Financing plans
5,222,284	902,761	(480,812)	5,644,233	—	—

Consolidated cash flow changes for the current year

Item	Increase (decrease) in net cash flow	Description
Operating activities	\$ 605,986	Due to brokerage business and proprietary trade strategies.
Investing activities	288,426	It was due to the decrease of clearing and settlement fund and the purchase of property and equipment.
finance activities	(480,812)	Caused by the distribution of cash dividends
Foreign exchange impact amount	8,349	
Total	\$ 421,949	

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

Unit: NTD thousand

Item \ Year	2014	2013	Variation (%)
Cash flow ratio (%)	2.00	2.58	(22.48)
Cash flow adequacy ratio (%)	115.92	132.60	(12.58)
Cash flow reinvestment ratio (%)	1.64	4.28	(61.68)
Explanation to major variations:			
(1) The decrease of cash flow ratio was mainly due to the increase of financial assets measured at fair value through profit or loss over the previous period.			
(2) The decrease of cash flow ratio was mainly due to the increase of the last five-year net cash inflow over the previous period and the increase of the last five-year cash dividend distribution and capital expenditure over the pervious period.			
(3) The decrease of cash reinvestment ratio was mainly due to the decrease of the current net cash inflow from operating activities over the previous period and the increase of the cash dividends distribution over the previous period.			

(3) Liquidity analysis for the next year (2015)

Unit: NTD thousand

Opening cash balance	Expected net cash flow from operating activities for the year	Expected cash outflow for the year	Expected cash surplus (deficit) (1) + (2) – (3)	Financing of cash deficits	
				Investment plans	Financing plans
5,644,233	638,368	(512,711)	5,769,890	—	—
Responsive measures and liquidity analysis on cash flow deficits: not applicable.					

IV. Material capital expenditures in the latest year and impacts on business performance

- (1) Major capital expenditures and funding sources: The Company did not incur any major capital expenditures in 2014.
- (2) Impacts of major capital expenditures to corporate finance: there are no significant impacts to The Company's finance.

V. The major causes for profits or losses incurred by investments during the most recent year; rectifications and investment plans for the next year

1. The Company's investment policy

The Company's investments were planned and executed according to its internal controls and its "Long and short-term investment policy". As part of its administration over invested businesses, the Accounting Department analyzes investees' financial statements on a regular basis for insights into their individual business operations. The Financial Department is also responsible for administrating The Company's investments. The company has also established "Procedures on intercompany financial transactions" and "Regulation Governing Direct Investments" to regulate and manage.

2. The major causes for profits or losses incurred by invested businesses, and any corrective actions

Unit: NTD thousand

Name of investee	Main business activities	Sum of initial investment	Investment gains/losses recognized in the latest year	Main causes of profit or loss	Corrective plans
MF Investment Consulting Co., Ltd.	Investment Consulting Services Management Consulting Services	13,665	(1,238)	The revenue was not sufficient for the fixed expenditures	company dissolution to be handled
Yuanta Futures (HK) Co., Limited	Category II: business dealing in futures contracts Category V: giving advices on futures contracts	193,319	(12,056)	The business license was acquired in 2012 and the business operation was initiated at the end of 2012; therefore, the business scale is yet to be expanded.	Expand business scope, increase brokerage fee income
SYF Information Co., Ltd.	IT software and information processing service providers	50,000	(10,106)	Commenced operation at the end of 2012; only research costs, investment loss, and interest revenue	Acquired investment company, registered for operation, recognizing investment gains
SYF Information (SAMOA) Limited	Investment holding	29,046	(4,417)	The business operation was initiated at the end of 2012; therefore, there were only investment loss and interest income reported.	Acquired investment company, registered for operation, recognizing investment gains
SYF Information (Shanghai) Limited	IT software and information processing service providers	14,995	(4,470)	Commenced operation at the end of 2013; only research costs, investment loss, and information revenue	Expand business scope

3. Investment plan for the upcoming year: there is no investment plan of significant value for the Company and its subsidiaries in the coming year.

VI. Risk disclosure:

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

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

(a) The Company engages in futures services. It derives income mainly from domestic investors, and most of which are denominated in the local currency. For commission revenues denominated in foreign currencies, The Company recognizes them as income at least once a month in accordance with its Customers' Margin Policy. In 2014, changes in the RMB exchange rate resulted in a net gain of \$51,788 thousand, which represented 2.28% of consolidated revenues and 5.18% of consolidated pre-tax net profit rate. Judging from the above, exchange rate variations had limited impacts on revenues and earnings.

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

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

(a) The Company engages in futures services and generates stable cash streams by offering customers a globalized trading platform, and therefore The Company has no external borrowings. Additionally, futures are traded with prepaid margins where futures traders must first deposit sufficient cash margin before trading in futures or options contract, causing the company to pay interest on customers' margin account. The domestic and overseas customers' margin account in 2012 increased due to the merger of Yuanta Futures; though since the economy has not fully recovered, central banks in every country continues to adopt an expansionary monetary policy, resulting in the market interest rate still maintained at a low level. Net interest income for the Company decreased from NTD402,550 thousand in 2013 to NTD416,406 thousand in 2014, representing a movement of NTD 13,856 thousand ; the rate of change was 3.44%. The impacts of interest rate variations on revenues and net profits increase with total margin balances.

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

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

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

Budget, Accounting, and Statistics, Executive Yuan, our consumer price index increased by 1.93%, 0.79%, and 1.20% in 2012, 2013, and 2014, respectively. Under the effects of rising commodity prices, oil prices, changes in the NTD exchange rate and the export price index etc., the wholesale price index increased by -1.16%, -2.43% and -0.51% in 2012, 2013, and 2014, respectively.

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

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

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

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

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

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

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

1. Future R&D

The Research Department of the Company will focus more on the aspect of strategy research and development in the future. Strategy research and development has been an important part of research projects. In addition to combining futures consulting, risk control and research, the Company will also have products and services integrated. The eight-light signal APP was proposed in 2014, containing position information and instant messages; also, research reports for reading that allowed customers to quickly acquire the relevant research report. In addition, more diversified solutions for brokerage business will be provided, such as, providing EXCEL VBA strategy tools program and meeting all relevant needs of the brokers.

In addition, intend to combine more diversified data research and software and hardware equipment externally for creating the core value of R&D. As for the future R&D, the focus remains on a diversified deployment strategy for various commodities

and the establishment of measurement program. The intention is to support the strategic products needed by the brokerage team in the coming year in order to satisfy customer's needs. In addition to having R&D results realized into products, the Company intends to become strong support to the brokerage business group in promoting products.

Future research directors of the company IT department:

- (a) Deep ploughing on the newly established IT company: the company has obtained approvals from the authorities to establish a new IT company with 100% proprietary capital to further invest in overseas and Mainland Chinese IT companies. The role had been established in Shanghai and played actively by combining services for Taiwan, China and overseas. For Taiwan, we focus on the information disclosure of securities and futures industry, application of trading strategy and risk management field, provide technical proprietary development and professional consultancy services. For China and overseas, through leveraging the IT international advantage in "live order placement system" and "simultaneous matching capability", combining professional futures consulting, to proactively seek cooperation with IT vendors and futures firms in providing developments of product add-on professional trading software in best pursuit of simplicity, understandability, and ready-to-hand for customers.
- (b) Strengthen high frequency trading infrastructure: As the trading speed of futures and options approach micro seconds era, the company will leverage its existing advantage in IT to continuously strengthen trading system backbone to meet the high frequency speed demand from international corporations, and through continuous optimization of high frequency trading platform to develop domestic and overseas professional investment institutions and VIP accounts by providing professional technical services and explore benefits from IT peripheral services.
- (c) Business information integrated R&D: the company has always focus on development of IT, and offers the most selection of ordering interface at the moment; innovation and designs closes to customer needs are attracting renowned trading exchanges from overseas to learn from us. In the future, with the experience and advantage in promoting options business and services to corporations, combining with IT development and product sales to conduct packaged sales on consultancy service, thus providing a business model with complete solution.
- (d) Mobile trading platform R&D: Given the booming mobile network communications, the Company intends to invest in mobile trading platform R&D through the Company's strong information platform and based on the existing speed risk control system and speed connection system of Taiwan Futures Exchange in order to provide customers with more convenient and faster order placing environment.

2. Estimated R&D expenses

Planning to invest a certain ratio of the turnover as R&D expense in 2015. Including acquisition of IT equipment, employee job rotation and training, purchase and maintenance of database.

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

For changes in important policies and legislation both domestically and overseas, relevant department personnel of the company and each subsidiaries has performed analysis and evaluation on their impact to each business items beforehand, and then adjust

related operational strategy and procedures when appropriate in response to the changes in relevant policies and legislations.

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

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

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

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

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

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

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

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

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

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

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

The main operational plans of the company are proposed by professional managers after evaluating of the overall industry and market environment, and then executed after approval by the board of directors. The company has also established complete organizational structure with clear distinctions on the responsibilities of each department. And through effective internal control systems, coordination and communications

between departments to fully realize operational strategies with operational efficiency and ensuring operating result, so a change in operational right has minimal impact on company operation and risk.

(12) Litigation and non-contentious cases:

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

Facts	Target Amount (thousand dollars)	Commence ment date of litigation	Main parties involved in the litigation	Status up to the publish date of annual report	Remarks
A futures trader initiated a civil lawsuit claiming an ex-employee of the company solicited business using untruthful and exaggerated information while providing futures trading research analysis opinions with illegal trading, causing losses to the trader.	Impact Amount \$6,114,539	March 2012	Yuanta Futures (Previously Polaris Futures) and former employee Hsu ○ as defendants, and Ma ○ as the plaintiff	<ol style="list-style-type: none"> 1. The Financial Supervisory Commission of the Executive Yuan has fined the company 240,000 NTD in May and June 2012, and ordered to discharge Mr. Hsu as an employee. Plaintiff Ms. Ma also stated that the defendant Mr. Hsu has criminal record and is still hired by Yuanta Futures. After investigation, the company found Mr. Hsu has obviously been concealing matters, and has voluntarily discharged Mr. Hsu in February of the same year. 2. In addition, the customer (plaintiff), Mr. Ma, had filed a civil action at the Taiwan District Court demanding that Yuanta Futures be held responsible jointly and severally with the associated person, Mr. Hsu, for a claim of NT\$290,230 and US\$196,124.5. The company has retained Giant Era International Law Office for processing litigation matters. 3. The verdict of the case was delivered by the District Court to the favor of Yuanta Futures. The plaintiff has an appeal filed and it is currently under proceedings at the Taiwan High Court. 	The Company won the first instance of the case. The plaintiff has an appeal filed and it is currently under proceedings at the Taiwan High Court and there is no significant impact on the Company's operations or shareholders' equity.
The company's (previous) employee left the position due to personal reasons, and claimed for severance pay and compensation on damages for emotional distress.	Impact Amount \$866,862	June 2013	Yuanta Futures is the accused, and (previous) employee Mr. /Ms. Hong is the accuser.	<ol style="list-style-type: none"> 1. The Company's (previous) employee left the position due to personal reasons, and applied for conciliation procedures to Department of Labor, Taipei City Government first and claimed for severance pay to the Company; nevertheless, the conciliation had been failed. 2. Mr. /Ms. Hong (the accuser) also filed a civil appeal to Taiwan Taipei District Court requesting the company for severance pay, labor benefits, and compensation on damages for emotional distress, total 866,862 NTD. This case had been processed in several court sessions and Taiwan Taipei District Court had rendered a judgment "against both the plaintiff's suit and the motion for provisional execution." The Company was sure to win the lawsuit. 	The case has no significant impacts to The Company's operation or shareholders' equity.

2. Material litigations, non-litigious or administrative disputes (whether concluded or pending for judgment) involving the The Company or its Directors, General Manager, representative, major shareholders with more than 10% shareholding, or affiliates in the last year up till the publishing date of this annual report, which may significantly affect shareholders' equity or securities prices: none.

(13) Other significant risks and responsive measures:

1. The Company's risk management structure:

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

- (a) First Layer: Each business unit is the department for the daily operation and management, and is the unit and personnel for risk identification, self-evaluation and execution and implementation of controls.
- (b) Second Layer: Including senior managements, risk management department, legal compliance department; their duties are to conduct risk monitoring, management and emergency response measures according to risk appetite and standards; Apart from the regular organizations, we also participate in the “Risk management committee” of the financial holding company whom we belong to, in order to strengthen the integrated risk control.
- (c) Third layer: Board of directors, audit committee, audit department and risk management department is the last layer of defense, the audit department adopts risk orientation as the method of reviews, while the risk management department conducts overall risk evaluation on the entire business and operational levels to ensure all risks within the company are controlled effectively.

2. Main functions of each units within the risk management organizations in the company:

- (a) Board of Directors: The Board of Directors is ultimately responsible for the risk management of all corporate operations. As a result, board members must be fully aware of the risks The Company is involved (such as market risk, credit risk, liquidity risk, operational risk, legal risk, modeling risk, reputation risk, and any other risks associated with a futures commission merchant) before determining the risk appetite and making resource allocations. The board will also authorize managers to carry out business operations within risk management boundaries. The board of directors of the company regularly listen to risk management and other related reports from the risk management department, audit department and the finance department, weighing up between financial and business related requirement with impacts on capital allocations, and considers the collective effect from all risk from the overall company perspective to decide on risk response strategy.
- (b) Audit Committee: assist the board of directors in supervising the execution of all risk management systems, its duties include: review of risk appetite and risk tolerance, review of risk management policies and related guidelines, review of all annual risk limit authorization, and supervise execution of risk management system of the company.
- (c) Risk Management department: Risk management department is an independent department of the board of directors, looking after the market risk, liquidity risk and credit risk management for the company, and controls operations risk. The main duty of risk management department is in the actual monitoring, measuring and assessing of daily risks of the company. It performs its duties independent of the business units and trading activities, and is accountable directly to the board of directors. In practice, through application of the risk management information system, to perform real time monitoring of market in progress and summary analysis after market close, to detect and inspect the risk limit utilization status by each business units, evaluate risk exposures and concentrations with complete risk management related reports provided when appropriate.

- (d) Internal Audit Department: Internal Audit is an independent department similar to the Risk Management, which are both created under the Board of Directors. Its responsibility is to ensure regulatory compliance and compliance to internal policies within The Company, while supervising to ensure effective management over operational risks. The Company has complied with the internal control policies set forth by the competent authority and hired experienced staffs to audit its business activities. Also, The Company is able to adjust its operational risk procedures to accommodate any changes in policy by the competent authority, Taiwan Futures Exchange, or Chinese National Futures Association.
- (e) Compliance Department: The Compliance Department is responsible for supervising compliance within The Company and reviewing the legitimacy of contractual documents. Furthermore, The Compliance Department offers professional opinions on any legal issues which The Company may encounter while engaging in business activities, such as the legal risks involved in product contracts or transactions, to ensure regulatory compliance.
- (f) Business units: Business units are the forefront of our risk management framework. The unit heads are responsible for all risk management issues associated with their business and trading activities. It is part of their jobs to analyze risks, develop responsive plans, and execute contingent measures whenever necessary. They are required to report to the Risk Management Department and ensure that risk control mechanisms are properly implemented, and comply with regulatory requirements as well as The Company's risk management policies.

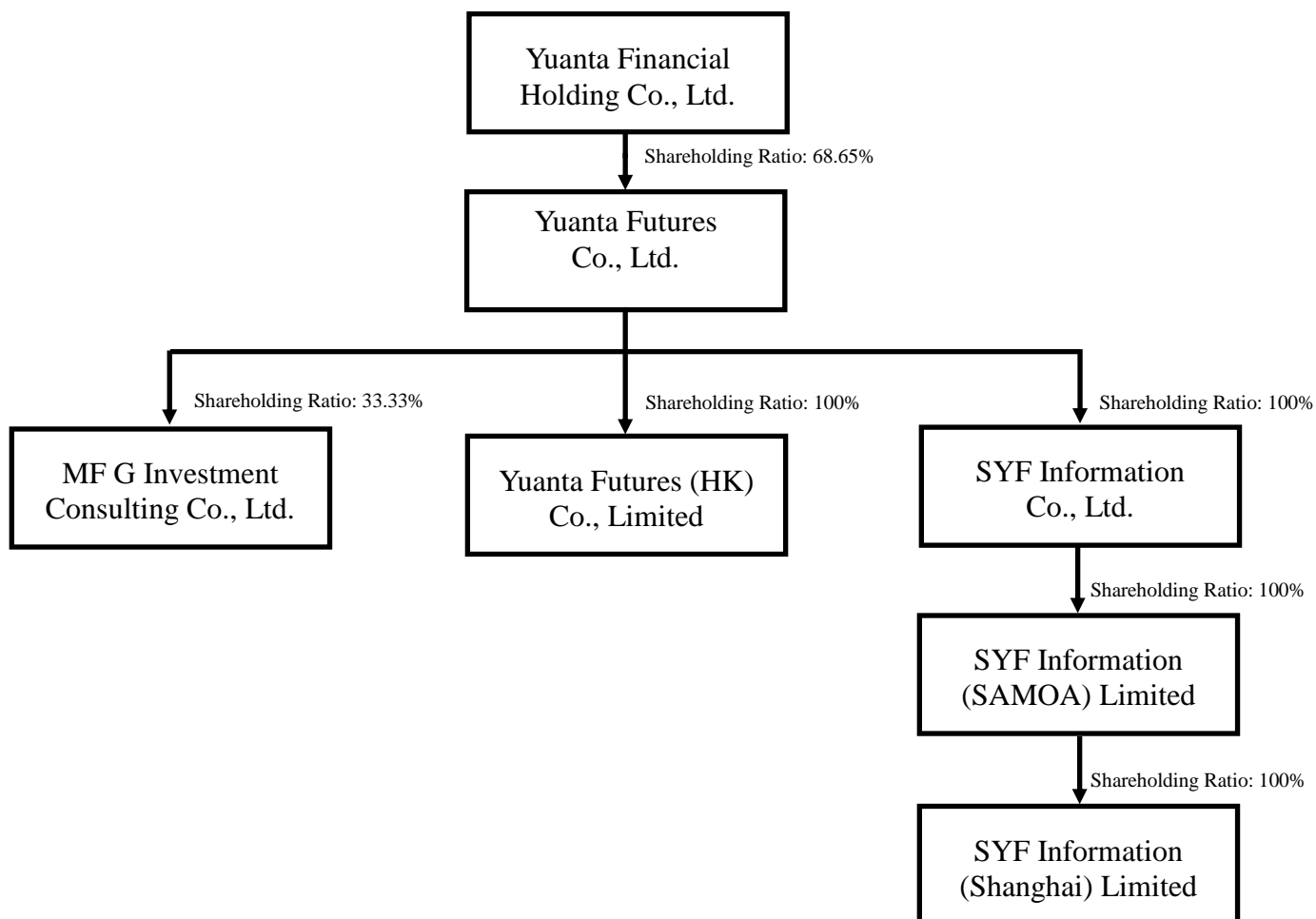
VII. Other important matters: The Company did not adopt the hedge accounting principle.

Eight. Special remarks

- I. Affiliated companies
Please see pages 293-299 of this annual report
- II. Private placement of securities during the latest year up till the publication date of this annual report: none.
- III. Holding or disposal of the company's shares by its subsidiaries during the latest financial year, up to the publication date of this annual report: None.
- IV. Other necessary information: The items undertaken by the company at the time of going OTC has always been declared to the GRSM quarterly as required, and there is no uncompleted undertakings for OTC yet.
- V. Occurrences of events defined under Article 36-2-2 of the Securities Exchange Act in the latest year up till the publishing date of this annual report that significantly impacted shareholders' equity or security prices: none.

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

Reinvestment organization chart and related enterprises of Yuanta Futures



2. Basic information of affiliated enterprises

In NTD thousand, USD thousand, RMB thousand

Date of information: January 31, 2015

Name of enterprise	Date of foundation	Address	Paid-up Capital	Main business activities or products
Yuanta Futures (HK) Co., Limited	100.01.03	23F,Tower 1,Admiralty Centre,18 Harcourt Rd.,Hong Kong	US\$ 6,000	Category II: business dealing in futures contracts Category V: giving advices on futures contracts
SYF Information Co., Ltd.	101.11.09	7F-4, No. 181, Fuxing N. Rd., Zhongshan Dist., Taipei City	50,000	Information management, information software services, information software wholesale and retail
SYF Information (SAMOA) Limited	101.11.15	Portcullis TrustNet Chambers P. O. Box 1225 Apia, SAMOA	US\$1,000	Investment holding
SYF Information (Shanghai) Limited	102.04.02	Room 706B, AZIA Center, No.1233 Lujiazui Huan Road, Pudong New Area, Shanghai.	CNY\$5,000	Development and build computer software, e-commerce software, and financial software, sales of own products, provide relevant technology consulting services.

1. information on directors, supervisors, and general managers of affiliated enterprises

Date of information: January 31, 2015

Name of enterprise	Title	Name or the representative person	Shares held		Remarks Personal shareholding of the	
			Shares (Thousand Shares)	Shareholding percentage	Shares (Thousand Shares)	Shareholding percentage
Yuanta Futures (HK) Co., Limited	Director Director Director Director General Manager	Ms. Chou, Hsiao-Ling Zhou Yan-Hong Mr. Kuo, Yu-Hong Ms. Li, Jing-Ru Zhou Yan-Hong	6,000	100%	-	-
SYF Information Co., Ltd.	Chairman Director Director Supervisor: General Manager	Ching-Chi Hou Ms. Chou, Hsiao-Ling Mr. Yu, Yao-Tin Mr. Chen, Hsiu-Wei Zhang Li-Yuan	5,000	100%	-	-
SYF (SAMOA) Limited	Information Director Director Director	Ching-Chi Hou Ms. Chou, Hsiao-Ling Zhang Cai-Yu	1,000	100%	-	-
SYF (Shanghai) Limited	Information Chairman Director Director Supervisor:	Ching-Chi Hou Ms. Chou, Hsiao-Ling Mr. Yu, Yao-Tin Mr. Chen, Hsiu-Wei	-	100%	-	-

2. Business Performance of Affiliated Enterprises

Unit: NTD thousand
Date of information: January 12 2014

Name of enterprise	Share capital	Total assets	Total liabilities	Net value	Operating revenues	Operating profit	Current period profit (loss) (After tax)	Earnings per share (\$) (After tax)
Yuanta Futures (HK) Co., Limited	190,646	224,863	52,629	172,234	5,960	(11,762)	(12,056)	(2.01)
SYF Information Co., Ltd.	50,000	38,710	322	38,388	0	(5,742)	(10,106)	(2.02)
SYF Information (SAMOA) Limited	31,718	25,873	0	25,873	0	(24)	(4,417)	(4.42)
SYF Information (Shanghai) Limited	15,502	10,436	7	10,429	958	(4,513)	(4,470)	0

(II) Consolidated Financial Statements of Affiliated Enterprises (Please see pages 151~216 of this annual report)

(III) Affiliation Reports

Declaration

The Company's 2014 Affiliation Report (for the period from January 1 to December 31, 2014) has been prepared in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises". No material discrepancies were found between the information disclosed in the above report and the notes to financial statements for the corresponding period.

Declared by:

Company name: Yuanta Futures Co., Ltd.

Chairman: Mr. Lin, Tien-Fu

March 25, 2015

Auditor's opinion on relationship report

(104) zi-kuai-zhong-14006811

Recipient: Yuanta Futures Co., Ltd.

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

We have compared the business report that was prepared in accordance with the "Regulations Governing the Preparation of Affiliate's Consolidated Business Reports, Affiliate's Consolidated Financial Reports, and Relationship Reports" and the information disclosed in the Notes to the 2014 financial reports without any significant nonconformity found.

PwC Taiwan

Ms. Lin, Sekai

CPA

Ms. Li, Xiou-Ling

Securities and Futures Bureau, Financial Supervisory
Commission, Executive Yuan

Approval Document No.:

Jin-Guan-Cheng-6-0960072936

Jin-Guan-Cheng-6-0960038033

March 25, 2015

Affiliation Report

I. Relationship between the controlling and the controlled company

Unit: shares;

%

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

Note: The cut-off date for the above information was scheduled on December 31, 2014. As of January 31, 2014, the Company had 232,276,288 shares in circulation.

II. Transactions with the above parties:

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

III. Guarantees and endorsements: none.

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

Yuanta Futures Co., Ltd.
(Originally: Polaris Futures)

Chairman Mr. Lin, Tien-Fu

Date published: January 31, 2015