TSE: 2855

PRESIDENT SECURITIES CORP.

2017 General Shareholders' Meeting
Meeting Agenda

Jun. 22, 2017 at 9:00am
B1, No. 8, Dongxing Rd.,
Taipei City, Taiwan, R.O.C.

Translation – In case of any discrepancy between the Chinese and English versions, the Chinese version shall prevail.

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President Securities Corp.

2017 Annual Shareholders' Meeting Agenda

1.Time： 9:00 a.m., June 22, 2017

2.Place： **B1, No. 8, Dongxing Rd., Taipei City, Taiwan, R.O.C.**

3.Agenda for the 2017 General Shareholders' Meeting

(1) Meeting called to order (Report on the total number of shareholders and shareholder representatives in attendance)

(2) Opening Remarks from the Chairman

(3) Report Items
  1) 2016 Business Report
  2) 2016 Audit Committee's Review Report
  3) 2016 Remuneration of Employees and Directors

(4) Items to be Adopted
  1) 2016 Business Report, Consolidated Financial Statements and Financial Statements
  2) 2016 Earnings Distribution Proposal

(5) Items for Discussion
  1) The proposal of issuance of new shares through capitalization of retained earnings ."
  2) Amendment to the "Operating Procedures for Endorsement and Guarantee."
  3) Amendment to "Rules and Procedures of Shareholders' Meeting" 。
  4) Amendment to the "Procedures for the Acquisition or Disposal of Assets."

(6) Extraordinary Motions

(7) Meeting Adjourned

1. Report Items

(1) 2016 Business Report

Explanation: The Company’s Business Report for 2016, please see Appendix I (page 6)

(2) 2016 Audit Committee's Review Report

Explanatory: For 2016 Audit Committee's Review Report, please see Appendix II (page 8)

(3) 2016 Remuneration of Employees and Directors

Explanation:

1. Comply with the Ordinance No. 10402413890(June 11, 2015) and the Ordinance No. 10402427800(October 15, 2015) issued by the Ministry of Economic Affair.
2. In accordance with Article 23 of the Company’s bylaws , the Company will distribute compensation to employees and the Directors from pre-tax profits. Where the company has pre-tax profits, the total value of funds to be distributed among employees shall not be less than 1.6% of pre-tax profits; while the total value of funds to be distributed among the Directors shall not be more than 2% of pre-tax profits. If the company has losses carried forward, compensation should only be paid to employees and Directors after funds have been set aside as reserve for such losses.
3. The proposal of 2016 Remuneration of Employees and Directors has been approved by the 5th meeting of the 3th Remuneration Committee and the 11th meeting of 10th Board of Directors. It is proposed that a total of NT$18,079,749 to be distributed to employees and NT$18,079,749 to be distributed to Directors in accordance with the allocation rules of the 1st meeting of the10th Board of Directors. The above mentioned compensation will be in cash.

2. Items to be Adopted

■ **Motion 1 (proposed by the Board of Directors)**

Topic: Adoption of the 2016 business report, consolidated financial statements and financial statements

Explanation:

(1) The 2016 consolidated financial statements and the financial statements have already been successfully audited by CPA Hsiao, Chin-Mu and CPA Chang, Ming-Hui of PricewaterhouseCoopers Taiwan.

(2). The business report, the consolidated financial statements and the financial statements have been reviewed by the Audit Committee and approved by the Board of Directors (March 23, 2017)

(3) For the business report, the consolidated financial statements and the financial statements, please see Appendix I (page 6) and Appendix III (page 9- 33).

■ **Motion 2 (Proposed by the Board of Directors)**

Topic: Adoption of the Proposal for the 2016 earnings distribution

Explanation:

(1) The proposal for distribution of 2016 earnings are prepared in accordance with regulations

and the Company’s Articles of Incorporation. Please refer to the 2016 Earnings Distribution Proposal as Appendix IV (Page 34).

(2) After first being decreased by $37,184,807 as a result of actuarial losses on remeasurement of defined benefit plans, and then setting aside legal reserve(10%) , special reserve(20%) and 0.5% as special reserve for employees' training in response to development in financial technology, in compliance with Jing-Guang-Zheng-Chuan Letter No.10500278285 and Zheng-Chi (Chuan) Letter No.1060005703, unappropriated earnings available for distribution for 2016 is $554,962,676. Proposed stock dividend is $547,622,960, which is equivalent to $0.41 per share, or 41 shares per thousand shares. Upon the approval of Shareholders' Meeting, it is proposed that the Board of Directors be authorized to resolve the ex-dividend date and record date of a capital increase.

(3) In the event that the shares outstanding changes, it is proposed that the the Board of Directors be authorized to adjust the amount per share to be distributed to shareholders based on the number of actual shares outstanding on the record date for distribution.

3. Items for Discussion

Item 1 (Proposed by the Board of Directors)

Topic: The proposal of issuance of new shares through capitalization of retained earnings.

Explanation:

(1) In order to strengthen the Company’s operating capital position, it is proposed to distribute stock dividend $547,622,960, which is equivalent to $0.41 per share with each share to have a par value of NT$10.

(2) For shareholders receiving less than 1 newly issued share, they should apply to the company’s shareholder services department within 5 days of the capital increase date of record, and shareholders who fail to register before that date will receive a discounted cash payment. Cash payments will be rounded down to the nearest NT$1, with any fractional share being allocated to the Company’s Employee Benefit Council with par value.

(3) Company share buybacks, treasury share transfers, and cancellation of shares may alter the total number of outstanding company shares and thereby affect the ratio by which earnings are distributed to shareholders. The Chairman of the Board shall be authorized to adjust the distribution ratios approved in the General Shareholder Meeting so as to accurately reflect the total number of outstanding shares as of the capital increase date of record.

(4) It is proposed that the Board of Directors be authorized to set distribution events, such as the ex-dividend and capital increase record date, after approval by a shareholders’ meeting and after approval by the competent authority. In case of changes of the regulation or of competent authority’s order, the Board of Directors shall be authorized to handle all the relevant matters.

Item 2 (Proposed by the Board of Directors)

Topic: Amendments to the “Operating Procedures for Endorsement and Guarantee”.

Explanation:
(1) In accordance with the Ordinance No. 1050002195 issued by the FSC on Apr.27, 2016, the Operating Procedures for Endorsement and Guarantee should be amended.
(2) For the comparison table of amendments to” Operating Procedures for Endorsement and Guarantee”, please see Appendix V (page 35).

Item 3 (Proposed by the Board of Directors)
Topic: Amendment to the Rules of Procedure for Shareholder Meetings.
Explanation:
(1) According to The Deletion of supervisors , the company hereby proposes to amend the Rules of Procedure for Shareholder Meetings.
(2) Amendment to the Rules of Procedure for Shareholder Meetings.: (Article 3-2、6-5、14-1、19-2)，please see Appendix VI (page 39)

Item 4 (Proposed by the Board of Directors)
Topic: Amendment to the Company’s Procedures for Acquisition or Disposal of Assets
Explanation:
(1) In accordance with the order issued by FSC(order number Jin Guan Zheng Fa No. 1060001296)
(2) In accordance with the order issued by FSC From Feb 9,2017, the Procedures for Acquisition or Disposal of Assets should be amended.
(3) For chart comparing the changes, please see Appendix VII (page 41).

4. Extraordinary Motions

5. Meeting Adjourned

2016 Business Report

[Macroeconomic Environment and Business Plan]

The triggering of the circuit breaker mechanisms in China in early 2016 sent shock waves across global financial markets. TAIEX fell to its lowest point in the entire year to 7,628. There were major upheavals in the first half of the year but TAIEX remained high despite Brexit, the anticipated rise of interest rates in the United States, and the election of Donald Trump in the second half of the year. TAIEX peaked at 9,430 in December 2016 and closed the year at 9,254, culminating in an 11% annual growth of 916 points. Under the tough economic environment in 2016, the Company observed global market trends and searched for profit opportunities in all business sectors.

[Implementation and Results]

TAIEX fluctuated in 2016, with a 1,802 point difference between its highest and lowest. However, trading volume continued to stagnate as foreign investors took over and domestic investors hesitated. Due to changes in the overall brokerage environment, the Company conducted strategic adjustments and decided to merge and close three branches. The number of branches has been reduced to 37. Our average market share in 2016 was 2.89% and we ranked 8th in the top 12 domestic securities firms. In underwriting business, the Company served as lead underwriter or co-underwriter in a total of 34 cases in 2016. The total number of cases ranked 6th in the industry. The overall investment environment had been tough throughout 2016 and this made trading difficult. Despite frequent black swan events, central banks across the world maintained low interest rate policies and contributed to the bond market, thus the Company was able to gain steady profits. In the future, the Company shall continue to monitor risks, pay attention to macroeconomic and policies shifts, and carefully select investment targets and timing in order to diversify risks and facilitate investment.

[Profitability Analysis, Operating Income and Budget Execution]

Influenced by the overall lack of trading volume and investment, the average daily trading volume in 2016 amounted to only NT$99.3 billion, a decrease from the average of NT$116.9 billion in 2015. The management team continued its robust operations and strict risk management system to maintain steady annual profits of approximately NT$3.5 billion. Net income from the period was NT$827 million and earnings per share was NT$0.62, which ranked 5th among the top 12 domestic securities firms. ROA was 1.51%, ROE was 3.61%, and annual budget achievement rate was 77%.

[Future Operations]

Looking ahead in 2017, the Trump inauguration speech swept away uncertainties in the market and boosted US stock market. In addition, the IMF's most recent World Economic

Outlook forecasted steady global economic growth in 2017 and 2018. The report predicted continued growth in the US and increased the estimated economic growth in China. It demonstrated that the stock markets adjust to make a transition from being driven by monetary stimulus to improving economy, which evidently benefits TAIEX. However, the rapid pace of change on the financial market calls for careful deliberation. The Company's management team shall continue to make the best use of the Group's advantages to follow market trends and make active investments. The Company shall strictly implement risk management, provide quality product services, fulfil social responsibilities, and adopt a robust and pragmatic strategy to create maximum value for the Company and its shareholders.

PRESIDENT SECURITIES CORP.

Audit Committee's Review Report

To: The General Meeting of Shareholders as of year 2017

The Board of Directors has prepared the Company's 2016 Business Report, Financial Statements, and Earnings Distribution Plan. The financial statements have been audited and certified by Chin-Mu, Hsiao and Ming-Hui, Chang of PricewaterhouseCoopers Certified Public Accountants, who issued an auditors' report. The aforementioned Business Report, Financial Statements, and Earnings Distribution Plan have been reviewed and determined to be fairly presented as stated by the Audit Committee members. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law, we hereby submit this report.

President Securities Corp.
Convener of Audit Committee: Ling Yang Tsai

April 20, 2017

APPENDIX III

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

PWCR16003158

President Securities Corporation

Opinion

We have audited the accompanying consolidated balance sheets of President Securities Corporation and its subsidiaries ("President Securities Group") as of December 31, 2016 and 2015, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of President Securities Group as at December 31, 2016 and 2015, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the "Regulations Governing the Preparations of Financial Reports by Securities Firms", "Regulations Governing the Preparation of Financial Reports 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.

Basis for opinion

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 (ROC GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of President Securities Group in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Impairment assessment of investments accounted for under equity method

Description

Please refer to Note 4(15) for accounting policies on investments accounted for under equity method and its impairment, Note 5(2) for the uncertainty of accounting estimates and assumptions applied on asset impairment, and Note 6(13) for details of investments accounted for under equity method.

President Securities Group held 38.69% of equity of Uni-President Asset Management Corp. which was accounted for under equity method. As of December 31, 2016, the amount was $440,676 thousand New Taiwan Dollars. Impairment assessment is based on the expected future cash flow of the investments accounted for under equity method, discounted at appropriate discount rate, to measure the recoverable amount of the cash generating unit.

The recoverable amount of the investee is based on its expected future cash flows which involve multiple estimates and assumptions on discount rate and financial forecast. They are subjective judgements, have high degree of uncertainties, and are material to the recoverable amount. Thus, we consider the impairment assessment of investments accounted for under equity method as one of the matters of most significance to our audit.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Obtained the impairment assessment report prepared by an external expert who was commissioned by the management, and reviewed results of financial forecast in the past to assess its ability of execution;
2. Assessed the reasonableness of expected future cash flow, discount rate and other significant assumptions applied in the cash flow model; and
3. Inspected valuation model parameters, formula setting and the accuracy of calculation.

Impairment assessment of goodwill

Description

Please refer to Note 4(19) for accounting policies on goodwill, Note 5(2) for the uncertainty of accounting estimates and assumptions applied on goodwill, and Note 6(16) for details of goodwill.

The goodwill resulted from President Securities Group’s acceptance of transfer of the retail banking security brokerage business of Standard Chartered (Taiwan) Bank amounting to $ 42,004 thousand New Taiwan Dollars as of December 2016. Impairment assessment is based on the expected future cash flow of the security brokerage segment, discounted at appropriate discount rate, to measure the recoverable amount of the cash generating unit.

The recoverable amount of the investee is based on its expected future cash flows which involve multiple estimates and assumptions on discount rate and financial forecast. They are subjective judgements, have high degree of uncertainties, and are material to the recoverable amount. Thus we consider the impairment assessment of goodwill as one of the matters of most significance to our audit.

<u>How our audit addressed the matter</u>

We performed the following audit procedures on the above key audit matter:

1. Obtained the impairment assessment report prepared by an external expert who was commissioned by the management;
2. Assessed the reasonableness of expected future cash flow, discount rate and other significant assumptions applied in the cash flow model; and
3. Inspected valuation model parameters, formula setting and the accuracy of calculation.

Other matter – Parent company only financial reports

We have audited and expressed an unmodified opinion on the parent company only financial statements of President Securities Corporation, as at and for the years ended December 31, 2016 and 2015.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the “Regulations Governing the Preparations of Financial Reports by Securities Firms”, “Regulations Governing the Preparation of Financial Reports 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, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing President Securities Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate President Securities Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing President Securities Group’s financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ROC GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of President Securities Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the President Securities Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause President Securities Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within President Securities Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Hsiao, Chin-Mu　　　　　　　　Chang, Ming-Hui

For and on behalf of PricewaterhouseCoopers, Taiwan

March 23, 2017

The accompanying consolidated financial statements are not intended to present the financial position and results of operations 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 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 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.

PRESIDENT SECURITIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2016 AMOUNT	%	December 31, 2015 AMOUNT	%
110000	**Current assets**					
111100	Cash and cash equivalents	6(1)	$ 6,909,469	8	$ 5,115,617	7
112000	Financial assets at fair value through profit or loss - current	6(2)	41,521,141	48	29,976,972	43
113400	Available-for-sale financial assets - current	6(3)	1,332,776	2	402,961	1
114010	Bonds purchased under resale agreements	6(4)	2,093,498	3	770,353	1
114030	Margin loans receivable	6(5)	8,692,164	10	10,434,581	15
114040	Refinancing security deposits		18,694	-	2,159	-
114050	Receivables from refinance guaranty		33,381	-	4,135	-
114070	Customer margin account	6(6)	12,100,445	14	7,686,554	11
114090	Receivables from security lending		157,775	-	74,345	-
114100	Security lending deposits		261,136	-	75,703	-
114110	Notes receivable		1,080	-	3,142	-
114130	Accounts receivable	6(7)	6,104,874	7	5,517,496	8
114150	Prepayments		44,517	-	38,211	-
114170	Other receivables	6(8)	64,190	-	1,530,833	2
114600	Current tax assets		683	-	1,092	-
119000	Other current assets	6(9)	1,939,900	2	3,551,317	5
110000	**Total current assets**		81,275,723	94	65,185,471	93
120000	**Noncurrent assets**					
122000	Financial assets at fair value through profit or loss - noncurrent	6(2)	50,621	-	50,980	-
123100	Financial assets at cost - noncurrent	6(12)	41,581	-	41,581	-
123400	Available-for-sale financial assets - noncurrent	6(3)	74,401	-	59,479	-
124100	Investments accounted for under equity method	6(13)	440,676	1	444,541	1
125000	Property and equipment, net	6(14)	2,467,163	3	2,520,596	4
126000	Investment property	6(15)	278,903	-	281,003	-
127000	Intangible assets	6(16)	129,771	-	144,659	-
128000	Deferred tax assets	6(45)	64,681	-	56,331	-
129000	Other assets - noncurrent	6(17)	1,232,676	2	1,304,892	2
120000	**Total noncurrent assets**		4,780,473	6	4,904,062	7
906001	**Total Assets**		$ 86,056,196	100	$ 70,089,533	100

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PRESIDENT SECURITIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2016 AMOUNT	%	December 31, 2015 AMOUNT	%
210000	**Current liabilities**					
211100	Short-term loans	6(18)	$ 7,180,550	8	$ 3,736,439	5
211200	Commercial papers payable	6(19)	6,298,316	7	5,599,149	8
212000	Financial liabilities at fair value through profit or loss - current	6(20)	2,419,106	3	1,440,081	2
214010	Bonds sold under repurchase agreements	6(21)	23,085,262	27	15,602,560	22
214040	Deposits on short sales		1,286,589	2	1,509,258	2
214050	Short sale proceeds payable		1,516,795	2	1,744,273	3
214070	Guarantee deposit received on borrowed securities		59,196	-	348,570	1
214080	Futures traders' equity	6(6)	12,090,637	14	7,678,157	11
214130	Accounts payable	6(22)	6,305,245	7	5,267,876	8
214150	Advance receipts		1,417	-	1,672	-
214160	Collections on behalf of third parties		413,491	-	1,087,027	2
214170	Other payables	6(23)	742,505	1	2,294,947	3
214200	Other financial liabilities - current	6(24)	1,392,297	2	851,796	1
214600	Current tax liability		80,691	-	97,481	-
219000	Other current liabilities		5,537	-	5,861	-
210000	**Total current liabilities**		62,877,634	73	47,265,147	68
220000	**Noncurrent liabilities**					
228000	Deferred tax liability	6(45)	35,823	-	48,487	-
229000	Other liabilities-noncurrent	6(25)	13,110	-	11,848	-
220000	**Total noncurrent liabilities**		48,933	-	60,335	-
906003	**Total Liabilities**		62,926,567	73	47,325,482	68
300000	**Equity attributable to owners of the parent company**					
301000	**Capital**					
301010	Common stock	6(27)	13,356,658	16	13,231,191	19
302000	**Capital reserve**		142,702	-	256,116	-
304000	**Retained earnings**	6(27)				
304010	Legal reserve		2,423,914	3	2,328,253	3
304020	Special reserve		6,209,865	7	6,018,542	9
304040	Unappropriated earnings		798,507	1	960,922	1
305000	**Other equity interest**		149,284	-	201,014	-
305500	**Treasury shares**	6(27)	-	-	(278,026)	-
300000	**Total**		23,080,930	27	22,718,012	32
306000	**Non-controlling interests**		48,699	-	46,039	-
906004	**Total Equity**		23,129,629	27	22,764,051	32
906002	**Total liabilities and equity**		$ 86,056,196	100	$ 70,089,533	100

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

PRESIDENT SECURITIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

			Year ended December 31			
			2016		2015	
	Items	Notes	AMOUNT	%	AMOUNT	%
400000	**Revenues**					
401000	Securities brokerage fees	6(29)	$ 1,779,466	40	$ 2,135,628	47
404000	Underwriting fees	6(30)	46,521	1	67,179	1
406000	Net income of wealth management		14,286	-	9,872	-
410000	Gains on trading of securities	6(31)	102,203	2	377,810	8
421100	Stock custodian income		71,080	2	69,157	2
421200	Interest income	6(32)	1,248,274	28	1,332,497	29
421300	Dividend income		428,497	9	147,095	3
421500	Loss on valuation of trading securities	6(33)	(102,873)	(2)	(500,565)	(11)
421600	Gain on short covering and trading securities - RS financing covering	6(34)	22,947	-	9,048	-
421610	Gain on valuation of borrowed securities and bonds with resale agreements	6(35)	1,986	-	55,208	1
422200	Gain on warrants issuance	6(36)	486,183	11	618,375	14
424400	Gain on derivative financial instruments	6(37)	208,150	5	93,895	2
428000	Other operating income	6(38)	190,823	4	165,644	4
	Total revenues		4,497,543	100	4,580,843	100
500000	**Expenses**					
501000	Handling charges	6(39)	(316,519)	(7)	(324,188)	(7)
521200	Interest expenses	6(40)	(226,225)	(5)	(357,778)	(8)
524100	Futures commission expense		(108,328)	(2)	(79,729)	(2)
524300	Clearing charges		(115,828)	(2)	(109,729)	(2)
528000	Other operating costs		(141)	-	(69)	-
531000	Employee benefits	6(41)	(1,800,920)	(40)	(1,922,879)	(42)
532000	Depreciation and amortization	6(42)	(120,542)	(3)	(123,702)	(3)
533000	Other operating expenses	6(43)	(1,290,510)	(29)	(1,410,029)	(31)
	Total expenditures and expenses		(3,979,013)	(88)	(4,328,103)	(95)

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PRESIDENT SECURITIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

	Items	Notes	2016 AMOUNT	2016 %	2015 AMOUNT	2015 %
			Year ended December 31			
	Operating profit (loss)		$ 518,530	12	$ 252,740	5
601000	Share of the profit or loss of associates and joint ventures accounted for under the equity method	6(13)	64,393	1	82,130	2
602000	Other gains and losses	6(44)	354,588	8	773,834	17
902001	**Profit before tax**		937,511	21	1,108,704	24
701000	Income tax expense	6(45)	(104,469)	(2)	(146,169)	(3)
902005	**Net income**		833,042	19	962,535	21
	Other comprehensive income					
	Components that will not be reclassified to profit or loss subsequently					
805510	Remeasurement of defined benefit plans		(48,693)	(1)	(8,120)	-
805550	Other comprehensive gain (loss) of associates and joint ventures accounted for under equity method		3,187	-	(2,216)	-
805599	Income tax benefit relating to components of other comprehensive income		8,278	-	1,380	-
	Items may be reclassified to profit or loss subsequently					
805610	Translation (loss) gain on the financial statements of foreign operating entities		(46,151)	(1)	90,578	2
805620	Unrealized loss on financial instruments		(5,086)	-	(2,992)	-
	Current other comprehensive (loss) income (post-tax)		(88,465)	(2)	78,630	2
902006	**Total current comprehensive income**		$ 744,577	17	$ 1,041,165	23
	Income attributable to:					
913100	Parent company		$ 826,690	18	$ 956,613	21
913200	Non-controlling interests		$ 6,352	-	$ 5,922	-
	Current comprehensive income attributable to:					
914100	Parent company		$ 737,775	16	$ 1,035,140	23
914200	Non-controlling interests		$ 6,802	-	$ 6,025	-
	Earnings per share	6(46)				
975000	**Basic earnings per share (in dollars)**		$ 0.62		$ 0.70	
985000	**Diluted earnings per share (in dollars)**		$ 0.62		$ 0.70	

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

PRESIDENT SECURITIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent										
				Retained Earnings			Other equity interest					
	Notes	Common stock	Capital reserve	Legal reserve	Special reserve	Unappropriated earnings	Translation gain and loss on the financial statements of foreign operating entities	Unrealized gain or loss on financial instruments	Treasury stock	Total	Non-controlling interest	Total equity
For the year ended December 31, 2015												
Balance at January 1, 2015		$ 13,231,191	$ 256,116	$ 2,173,255	$ 5,708,547	$ 1,549,976	$ 103,194	$ 10,345	$ -	$ 23,032,624	$ 42,852	$ 23,075,476
Appropriations of 2014 earnings:												
Legal reserve	6(27)	-	-	154,998	-	(154,998)	-	-	-	-	-	-
Special reserve	6(27)	-	-	-	309,995	(309,995)	-	-	-	-	-	-
Cash dividends	6(28)	-	-	-	-	(1,071,726)	-	-	-	(1,071,726)	-	(1,071,726)
Net income for the year		-	-	-	-	956,613	-	-	-	956,613	5,922	962,535
Other comprehensive income (loss) for the year		-	-	-	-	(8,948)	90,578	(3,103)	-	78,527	103	78,630
Acquisition of treasury stocks	6(27)	-	-	-	-	-	-	-	(278,026)	(278,026)	-	(278,026)
Changes in non-controlling interests	6(27)	-	-	-	-	-	-	-	-	-	(2,838)	(2,838)
Balance at December 31, 2015		$ 13,231,191	$ 256,116	$ 2,328,253	$ 6,018,542	$ 960,922	$ 193,772	$ 7,242	($ 278,026)	$ 22,718,012	$ 46,039	$ 22,764,051
For the year ended December 31, 2016												
Balance at January 1, 2016		$ 13,231,191	$ 256,116	$ 2,328,253	$ 6,018,542	$ 960,922	$ 193,772	$ 7,242	($ 278,026)	$ 22,718,012	$ 46,039	$ 22,764,051
Appropriations of 2015 earnings:												
Legal reserve	6(27)	-	-	95,661	-	(95,661)	-	-	-	-	-	-
Special reserve	6(27)	-	-	-	191,323	(191,323)	-	-	-	-	-	-
Cash dividends	6(28)	-	-	-	-	(260,759)	-	-	-	(260,759)	-	(260,759)
Stock dividends	6(28)	404,177	-	-	-	(404,177)	-	-	-	-	-	-
Net income for the year		-	-	-	-	826,690	-	-	-	826,690	6,352	833,042
Other comprehensive income (loss) for the year		-	-	-	-	(37,185)	(46,151)	(5,579)	-	(88,915)	450	(88,465)
Acquisition of treasury stocks	6(27)	-	-	-	-	-	-	-	(114,098)	(114,098)	-	(114,098)
Retirement of treasury shares	6(27)	(278,710)	(113,414)	-	-	-	-	-	392,124	-	-	-
Changes in non-contolling interests		-	-	-	-	-	-	-	-	-	(4,142)	(4,142)
Balance at December 31, 2016		$ 13,356,658	$ 142,702	$ 2,423,914	$ 6,209,865	$ 798,507	$ 147,621	$ 1,663	$ -	$ 23,080,930	$ 48,699	$ 23,129,629

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

PRESIDENT SECURITIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	Years ended December 31 2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 937,511	$ 1,108,704
Adjustments			
Income and expenses having no effect on cash flows			
Depreciation	6(42)	88,754	94,478
Amortization	6(42)	31,788	29,224
Write-off of bad debts classified as income	6(17)	(9,317)	(176)
Provision for bad debts	6(7)(17)	22,032	161,237
Loss on valuation of trading securities	6(33)	102,873	500,565
Gain on valuation of borrowed securities and bonds with resale agreements	6(35)	(1,986)	(55,208)
Financial expense	6(40)	226,225	357,778
Interest income (include financial income)	6(32)(44)	(1,395,801)	(1,476,709)
Dividend income		(445,901)	(162,216)
Share of the profit of associates and joint ventures accounted for using the equity method	6(13)	(64,393)	(82,130)
Loss on disposal of property and equipment	6(14)	1,769	1,234
Loss on valuation of non-operating financial instrument	6(44)	2,164	1,664
Changes in assets/liabilities relating to operating activities			
Changes in operating assets			
Financial assets at fair value through profit or loss		(11,649,456)	(7,765,047)
Available-for-sale financial assets - current		(949,823)	(409,316)
Bonds purchased under resale agreements		(1,323,145)	732,011
Margin loans receivable		1,720,832	2,976,169
Refinancing security deposits		(16,535)	(1,940)
Receivables from refinance guaranty		(29,246)	(2,465)
Customer margin account		(4,413,891)	(2,117,326)
Receivables from security lending		(83,430)	(62,121)
Security lending deposits		(185,433)	(64,661)
Notes receivable		2,062	(2,148)
Accounts receivable		(425,572)	1,329,922
Prepayments		(6,306)	(10,417)
Other receivables		(9,801)	287,732
Other current assets		1,611,417	(444,759)
Net changes in liabilities relating to operating activities			
Financial liabilities at fair value through profit or loss - current		981,011	(572,961)
Bonds sold under repurchase agreements		7,482,702	6,518,090
Deposits on short sales		(222,669)	(9,794)
Short sale proceeds payable		(227,478)	(98,118)
Guarantee deposit received on borrowed securities		(289,374)	(587,001)
Futures traders' equity		4,412,480	2,125,008
Accounts payable		871,442	(1,162,767)
Advance receipts		(255)	1,188
Collections on behalf of third parties		(673,536)	817,072
Other payables		(77,317)	(341,651)
Other financial liabilities - current		540,501	557,211
Other current liabilities		(324)	729

(Continued)

PRESIDENT SECURITIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	Years ended December 31 2016	2015
Cash (outflow) inflow generated from operations		($ 3,465,426)	$ 2,171,085
Dividends received		517,173	221,921
Interest received		1,409,488	1,384,375
Income tax paid		(133,586)	(190,463)
Net cash flows (used in) from operating activities		(1,672,351)	3,586,918
CASH FLOWS FROM INVESTING ACTIVITIES			
Return of share capital due to capital reduction in financial assets at cost	6(12)	-	7,827
Acquisition of property and equipment	6(14)	(17,705)	(26,668)
Proceeds from disposal of property and equipment		70	183
Acquisition of intangible assets		(9,796)	(3,825)
Decrease in other non-current assets		28,169	31,239
Increase in prepayment for equipment		(29,105)	(39,314)
Net cash flows used in investing activities		(28,367)	(30,558)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (decrease) in short-term loans		3,444,111	(5,024,538)
Increase in commercial papers payable		700,000	1,850,000
Increase in other non-current liabilities		1,262	864
Acquisition of treasury stocks	6(27)	(114,098)	(278,026)
Interest paid		(225,653)	(360,276)
Changes in non-controlling interest		(4,142)	(2,838)
Distribution of cash dividends	6(27)	(260,759)	(1,071,726)
Net cash flows from (used in) financing activities		3,540,721	(4,886,540)
Effect of exchange rate changes		(46,151)	90,578
Net increase (decrease) in cash and cash equivalents		1,793,852	(1,239,602)
Cash and cash equivalents at beginning of year		5,115,617	6,355,219
Cash and cash equivalents at end of year		$ 6,909,469	$ 5,115,617

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

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

PWCR16003070

President Securities Corporation

Opinion

We have audited the accompanying balance sheets of President Securities Corporation as of December 31, 2016 and 2015, and the related statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of President Securities Corporation as at December 31, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with the "Regulations Governing the Preparations of Financial Reports by Securities Firms", "Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants".

Basis for opinion

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 (ROC GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of President Securities Corporation in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Impairment assessment of investments accounted for under equity method

Description

Please refer to Note 4(14) for accounting policies on investments accounted for under equity method and its impairment, Note 5(2) for the uncertainty of accounting estimates and assumptions applied on asset impairment, and Note 6(12) for details of investments accounted for under equity method.

President Securities Corporation held 38.66% of equity of Uni-President Asset Management Corp. which was accounted for under equity method. As of December 31, 2016, the amount was $440,314 thousand New Taiwan Dolllars. Impairment assessment is based on the expected future cash flow of the investments accounted for under equity method, discounted at appropriate discount rate, to measure the recoverable amount of the cash generating unit.

The recoverable amount of the investee is based on its expected future cash flows which involve multiple estimates and assumptions on discount rate and financial forecast. They are subjective judgements, have high degree of uncertainties, and are material to the recoverable amount. Thus we consider the impairment assessment of investments accounted for under equity method as one of the matters of most significance to our audit.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Obtained the impairment assessment report prepared by an external expert who was commissioned by the management, and reviewed results of financial forecast in the past to assess its ability of execution;
2. Assessed the reasonableness of expected future cash flow, discount rate and other significant assumptions applied in the cash flow model; and
3. Inspected valuation model parameters, formula setting and the accuracy of calculation.

Impairment assessment of goodwill

Description

Please refer to Note 4(18) for accounting policies on goodwill, Note 5(2) for the uncertainty of accounting estimates and assumptions applied on goodwill, and Note 6(15) for details of goodwill.

The goodwill resulted from President Securities Corporation’s acceptance of transfer of the retail banking security brokerage business of Standard Chartered (Taiwan) Bank amounting to $ 42,004 thousand New Taiwan Dollars as of December 2016. Impairment assessment is based on the expected future cash flow of the security brokerage segment, discounted at appropriate discount rate, to measure the recoverable amount of the cash generating unit.

The recoverable amount of the investee is based on its expected future cash flows which involve multiple estimates and assumptions on discount rate and financial forecast. They are subjective judgements, have high degree of uncertainties, and are material to the recoverable amount. Thus we consider the impairment assessment of goodwill as one of the matters of most significance to our audit.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Obtained the impairment assessment report prepared by an external expert who was commissioned by the management;
2. Assessed the reasonableness of expected future cash flow, discount rate and other significant assumptions applied in the cash flow model; and
3. Inspected valuation model parameters, formula setting and the accuracy of calculation.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the “Regulations Governing the Preparations of Financial Reports by Securities Firms”, “Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants”, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing President Securities Corporation’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate President Securities Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing President Securities Corporation’s financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ROC GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of President Securities Corporation's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on President Securities Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause President Securities Corporation to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within President Securities Corporation to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Hsiao, Chin-Mu Chang, Ming-Hui

For and on behalf of PricewaterhouseCoopers, Taiwan

March 23, 2017

The accompanying financial statements are not intended to present the financial position and results of operations 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 financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying 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 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.

PRESIDENT SECURITIES CORPORATION
BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2016 AMOUNT	%	December 31, 2015 AMOUNT	%
110000	**Current assets**					
111100	Cash and cash equivalents	6(1)	$ 3,902,508	5	$ 2,767,365	5
112000	Financial assets at fair value through profit or loss - current	6(2)	40,325,632	56	29,018,236	48
113400	Available-for-sale financial assets - current	6(3)	1,332,776	2	402,961	1
114010	Bonds purchased under resale agreements	6(4)	2,093,498	3	770,353	1
114030	Margin loans receivable	6(5)	8,692,164	12	10,434,581	17
114040	Refinancing security deposits		18,694	-	2,159	-
114050	Receivables from refinance guaranty		33,381	-	4,135	-
114090	Receivables from security lending		157,775	-	74,345	-
114100	Security lending deposits		261,136	-	75,703	-
114110	Notes receivable		932	-	3,142	-
114130	Accounts receivable	6(6)	5,590,493	8	4,587,818	8
114140	Accounts receivable - related parties	6(6)	4,793	-	4,109	-
114150	Prepayments		40,024	-	32,223	-
114170	Other receivables	6(7)	17,044	-	1,491,342	2
119000	Other current assets	6(8)	1,045,235	2	2,503,733	4
110000	**Total current assets**		63,516,085	88	52,172,205	86
120000	**Noncurrent assets**					
122000	Financial assets at fair value through profit or loss - noncurrent	6(2)	50,621	-	50,980	-
123100	Financial assets at cost - noncurrent	6(11)	10,466	-	10,466	-
124100	Investments accounted for under equity method	6(12)	4,700,549	7	4,661,144	8
125000	Property and equipment, net	6(13)	2,295,097	3	2,354,427	4
126000	Investment property	6(14)	278,903	1	281,003	-
127000	Intangible assets	6(15)	85,761	-	103,000	-
128000	Deferred tax assets	6(44)	62,027	-	54,447	-
129000	Other assets - noncurrent	6(16)	991,791	1	1,063,405	2
120000	**Total noncurrent assets**		8,475,215	12	8,578,872	14
906001	**Total Assets**		$ 71,991,300	100	$ 60,751,077	100

(Continued)

PRESIDENT SECURITIES CORPORATION
BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2016 AMOUNT	%	December 31, 2015 AMOUNT	%
210000	**Current liabilities**					
211100	Short-term loans	6(17)	$ 6,055,925	8	$ 3,123,288	5
211200	Commercial papers payable	6(18)	6,298,316	9	5,599,149	9
212000	Financial liabilities at fair value through profit or loss - current	6(19)	2,419,024	3	1,439,975	2
214010	Bonds sold under repurchase agreements	6(20)	23,085,262	32	15,602,560	26
214040	Deposits on short sales		1,286,589	2	1,509,258	3
214050	Short sale proceeds payable		1,516,795	2	1,744,273	3
214070	Guarantee deposit received on borrowed securities		59,196	-	348,570	1
214130	Accounts payable	6(21)	5,618,474	8	4,390,677	7
214150	Advance receipts		384	-	349	-
214160	Collections on behalf of third parties		411,815	1	1,084,727	2
214170	Other payables	6(22)	637,933	1	2,184,830	4
214200	Other financial liabilities - current	6(23)	1,392,297	2	851,796	1
214600	Current tax liability	6(44)	67,783	-	81,488	-
219000	Other current liabilities		2,952	-	2,859	-
210000	**Total current liabilities**		48,852,745	68	37,963,799	63
220000	**Noncurrent liabilities**					
228000	Deferred tax liability	6(44)	35,670	-	47,932	-
229000	Other liabilities - noncurrent	6(24)	21,955	-	21,334	-
220000	**Total noncurrent liabilities**		57,625	-	69,266	-
906003	**Total Liabilities**		48,910,370	68	38,033,065	63
300000	**Equity attributable to owners of the parent company**					
301000	**Capital**					
301010	Common stock	6(26)	13,356,658	19	13,231,191	22
302000	**Capital reserve**		142,702	-	256,116	-
304000	**Retained earnings**	6(27)				
304010	Legal reserve		2,423,914	3	2,328,253	4
304020	Special reserve		6,209,865	9	6,018,542	10
304040	Unappropriated earnings		798,507	1	960,922	2
305000	**Other equity interest**		149,284	-	201,014	-
305500	**Treasury shares**	6(26)	-	-	(278,026)	(1)
906004	**Total equity**		23,080,930	32	22,718,012	37
906002	**Total liabilities and equity**		$ 71,991,300	100	$ 60,751,077	100

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

PRESIDENT SECURITIES CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

			Year ended December 31			
			2016		2015	
	Items	Notes	AMOUNT	%	AMOUNT	%
400000	**Revenues**					
401000	Securities brokerage fees	6(28)	$ 1,046,975	30	$ 1,351,352	38
404000	Underwriting fees	6(29)	46,521	1	67,179	2
406000	Net income of wealth management		14,286	-	9,872	-
410000	Gain on trading of sercurities	6(30)	119,485	3	358,246	10
421100	Stock custodian income		71,146	2	69,223	2
421200	Interest income	6(31)	1,187,572	34	1,261,382	36
421300	Dividend income		424,628	12	143,639	4
421500	Loss on valuation of trading securities	6(32)	(114,198)	(3)	(503,626)	(14)
421600	Gain on short covering and trading securities-RS financing covering	6(33)	22,947	1	9,048	-
421610	Gain on valuation of borrowed securities and bonds with resale agreements	6(34)	1,986	-	55,208	2
422200	Gain on warrants issuance	6(35)	486,183	14	618,375	18
424100	Futures commision income		56,701	2	54,294	2
424400	Gain (Loss) on derivative financial instruments	6(36)	61,655	2	(34,959)	(1)
428000	Other operating income	6(37)	67,547	2	51,586	1
	Total revenues		3,493,434	100	3,510,819	100
500000	**Expenses**					
501000	Handling charges	6(38)	(172,698)	(5)	(178,558)	(5)
521200	Interest expenses	6(39)	(210,952)	(6)	(340,018)	(10)
524200	Securities commision expense		(136)	-	(253)	-
524300	Clearing charges		(23,404)	(1)	(15,506)	-
528000	Other operaring costs		(138)	-	(69)	-
531000	Employee benefits	6(40)	(1,497,857)	(43)	(1,587,940)	(45)
532000	Depreciation and amortization	6(41)	(108,730)	(3)	(111,389)	(3)
533000	Other operaring expenses	6(42)	(1,094,927)	(31)	(1,211,498)	(35)
	Total expenditures and expenses		(3,108,842)	(89)	(3,445,231)	(98)
	Operating profit		384,592	11	65,588	2
601100	Share of the profit or loss of associates and joint ventures accounted for under the equity method	6(12)	285,797	8	341,788	9
602000	Other gains and losses	6(43)	225,621	7	662,668	19
902001	**Profit before tax**		896,010	26	1,070,044	30
701000	Income tax expense	6(44)	(69,320)	(2)	(113,431)	(3)
902005	**Net income**		826,690	24	956,613	27

(Continued)

PRESIDENT SECURITIES CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

			Year ended December 31			
			2016		2015	
	Items	Notes	AMOUNT	%	AMOUNT	%
	Other comprehensive income					
	Components that will not be reclassified to profit or loss subsequently					
805510	Remeasurement of defined benefit plans		($ 46,677)	(1)	($ 7,299)	-
805560	Other comprehensive gain (loss) of associates and joint ventures accounted for under equity method		1,557	-	(2,890)	-
805599	Income tax benefit relating to components of other comprehensive income		7,935	-	1,241	-
	Items may be reclassified to profit or loss subsequently					
805610	Translation (loss) gain on the financial statements of foreign operating entities		(46,151)	(1)	90,578	2
805620	Unrealized loss on financial instruments		(20,008)	(1)	(6,355)	-
805660	Other comprehensive income of associates and joint ventures accounted for under equity method		14,429	-	3,252	-
805000	**Current other comprehensive income (post-tax)**		(88,915)	(3)	78,527	2
902006	**Total current comprehensive income**		$ 737,775	21	$ 1,035,140	29
	Earnings per share	6(45)				
975000	**Basic earnings per share (in dollars)**		$ 0.62		$ 0.70	
985000	**Diluted earnings per share (in dollars)**		$ 0.62		$ 0.70	

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

PRESIDENT SECURITIES CORPORATION
STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

				Retained Earnings			Other equity interest			
	Notes	Common stock	Capital reserve	Legal Reserve	Special reserve	Unappropriated earnings	Translation gain and loss on the financial statement of foreign operating entities	Unrealized gain or loss on financial instruments	Total equity	Total equity
For the year ended December 31, 2015										
Balance as of January 1, 2015		$ 13,231,191	$ 256,116	$ 2,173,255	$ 5,708,547	$ 1,549,976	$ 103,194	$ 10,345	$ -	$ 23,032,624
Appropriations of 2014 earnings:										
Legal reserve	6(26)	-	-	154,998	-	(154,998)	-	-	-	-
Special reserve	6(26)	-	-	-	309,995	(309,995)	-	-	-	-
Cash dividends	6(27)	-	-	-	-	(1,071,726)	-	-	-	(1,071,726)
Net income for the year		-	-	-	-	956,613	-	-	-	956,613
Other comprehensive income (loss) for the year		-	-	-	-	(8,948)	90,578	(3,103)	-	78,527
Acquisition of treasury stocks		-	-	-	-	-	-	-	(278,026)	(278,026)
Balance at December 31, 2015		$ 13,231,191	$ 256,116	$ 2,328,253	$ 6,018,542	$ 960,922	$ 193,772	$ 7,242	($ 278,026)	$ 22,718,012
For the year ended December 31, 2016										
Balance as of January 1, 2016		$ 13,231,191	$ 256,116	$ 2,328,253	$ 6,018,542	$ 960,922	$ 193,772	$ 7,242	($ 278,026)	$ 22,718,012
Appropriations of 2015 earnings:										
Legal reserve	6(26)	-	-	95,661	-	(95,661)	-	-	-	-
Special reserve	6(26)	-	-	-	191,323	(191,323)	-	-	-	-
Cash dividends	6(27)	-	-	-	-	(260,759)	-	-	-	(260,759)
Stock dividends	6(27)	404,177	-	-	-	(404,177)	-	-	-	-
Net income for the year		-	-	-	-	826,690	-	-	-	826,690
Other comprehensive income (loss) for the year		-	-	-	-	(37,185)	(46,151)	(5,579)	-	(88,915)
Acquisition of treasury stocks	6(26)	-	-	-	-	-	-	-	(114,098)	(114,098)
Retirement of treasury shares	6(26)	(278,710)	(113,414)	-	-	-	-	-	392,124	-
Balance at December 31, 2016		$ 13,356,658	$ 142,702	$ 2,423,914	$ 6,209,865	$ 798,507	$ 147,621	$ 1,663	$ -	$ 23,080,930

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

PRESIDENT SECURITIES CORPORATION
STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	Years ended December 31 2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 896,010	$ 1,070,044
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(41)	81,605	87,386
Amortization	6(41)	27,125	24,003
Write-off of bad debts classified as income	6(16)	(9,317)	(176)
Provision for bad debts	6(6)(16)	22,032	152,228
Loss on valuation of trading securities	6(2)(32)	114,198	503,626
Gain on valuation of borrowed securities and bonds with resale agreements	6(34)	(1,986)	(55,208)
Financial expense	6(39)	210,952	340,018
Interest income (include financial income)	6(31)(43)	(1,212,806)	(1,297,186)
Dividend income		(428,931)	(147,038)
Share of the profit of associates and joint ventures accounted for using the equity method	6(12)	(285,797)	(341,788)
Loss on disposal of property and equipment	6(13)	1,746	1,210
Loss on valuation of open-ended funds and money-market instruments	6(2)	2,885	5,815
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assests at fair value through profit or loss		(11,424,729)	(7,809,456)
Available -for-sale financial assets - current		(949,823)	(409,316)
Bonds purchased under resale agreements		(1,323,145)	732,011
Margin loans receivable		1,720,832	2,976,169
Refinancing security deposits		(16,535)	(1,940)
Receivables from refinance guaranty		(29,246)	(2,465)
Receivables from security lending		(83,430)	(62,121)
Security lending deposits		(185,433)	(64,661)
Notes receivable		2,210	(2,148)
Accounts receivable		(841,857)	1,296,489
Accounts receivable - related parties		(684)	395
Prepayments		(7,801)	(8,121)
Other receivables		(359)	285,464
Other current assets		1,458,498	(243,623)
Changes in operating liabilities			
Financial liabilities at fair value through profit or loss - current		981,035	(572,390)
Bonds sold under repurchase agreements		7,482,702	6,518,090
Deposits on short sales		(222,669)	(9,794)
Short sale proceeds payable		(227,478)	(98,118)
Guarantee deposit received on borrowed securities		(289,374)	(587,001)
Accounts payable		1,061,870	(1,402,423)
Advance receipts		35	260
Collections on behalf of third parties		(672,912)	816,633
Other payables		(71,826)	(377,821)
Other financial liabilities - current		540,501	557,211
Other current liabilities		93	321

(Continued)

Cash (outflow) inflow generated from operations		($ 3,681,809)	$ 1,874,579
Dividends received		648,569	324,899
Interest received		1,225,503	1,203,348
Income tax paid		(94,932)	(170,468)
Net cash flows (used in) from operating activities		(1,902,669)	3,232,358
CASH FLOWS FROM INVESTING ACTIVITIES			
Return of share capital due to capital reduction in financial assets at cost		-	7,827
Acquistition of property and equipment	6(13)	(8,131)	(23,300)
Proceeds from disposal of property and equipment		70	174
Acquistition of intangible assets		(4,981)	(1,831)
Decrease in other non-current assets		24,594	38,408
Increase in prepayment for equipment		(18,422)	(36,436)
Net cash flows used in investing activities		(6,870)	(15,158)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (decrease) in short-term loans		2,932,637	(3,506,770)
Increase in commercial papers payable		700,000	1,850,000
Increase in other non-current liabilities		621	1,509
Acquisition of treasury stocks	6(26)	(114,098)	(278,026)
Interest paid		(210,326)	(342,081)
Distribution of cash dividends	6(26)	(260,759)	(1,071,726)
Net cash flows from (used in) financing activities		3,048,075	(3,347,094)
Effect of exchange rate changes		(3,393)	4,248
Net increase (decrease) in cash and cash equivalents		1,135,143	(125,646)
Cash and cash equivalents at beginning of year		2,767,365	2,893,011
Cash and cash equivalents at end of year		$ 3,902,508	$ 2,767,365

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

APPENDIX IV

President Securities Corporation
2016 Earnings Distribution Proposal

Unit:：NT$

Unappropriated earnings as of January 1, 2016 (Note 1)	$9,002,409
Less：Adjustment to unappropriated earnings of 2016 (Note 2)	(37,184,807)
Unappropriated earnings after adjustment	(28,182,398)
Add ：Net profit after tax of 2016	826,689,849
Subtotal	798,507,451
Less：Legal Reserve (10%) (Note 3)	(79,850,746)
Special Reserve (20%) (Note 3)	(159,701,491)
Special Reserve (0.5%) (Note 4)	(3,992,538)
Unappropriated earnings Available for Distribution	554,962,676
Distribution items	
─ Stock dividend (NT$ 0.41 / per share)	547,622,960
Unappropriated earnings as of December 31, 2016	$7,339,716

Note 1:The amount of unappropriated earnings in the earning distributions resolved by the shareholders' meeting of 2016

Note 2:The Company adopted T-IFRSs in 2016 and unappropriated earnings was decreased by $37,184,807 due to actuarial loss from defined benefits plan (included in other comprehensive income).

Note 3:According to Article 237 of the Company Act, Jingshan Letter No.10102268370 and No.10202433490, Paragraph 1 of Article 41 of the Securities and Exchange Act, Article 14 of Regulations Governing Securities Firms, and Article 23 of the Company's Article of Incorporation, 10% and 20% were set aside as legal reserve and special reserve.

Note 4:Special reserve shall be provided for employees' transition in response to development in financial technology, according to Jing-Guang-Zheng-Chuan Letter No.10500278285 and Zheng-Chi (Chuan) Letter No. 1060005703. 0.5% was approved to be provided as special reserve in the 11th meeting of the 10th term of the Board of Directors of the Company.

Note 5:Prior years' unappropriated earnings shall not be appropriated unless the current year's unappropriated earnings is insufficient for distribution.

Note 6:Total common shares outstanding as of December 31, 2016 was 1,335,665,732 shares

Table of Comparison of Regulations on Making Endorsements and Guarantees

Amended Articles	Existing Articles	Description
Article 3: The Company provides endorsement and guarantee for offshore subsidiaries specified in the previous Article under the following conditions: 1. The domestic parent company may provide guarantee or provide properties as collateral for guarantee for the underwriting business of offshore subsidiaries. 2. The domestic parent company may provide guarantee or provide properties as collateral for guarantee for the issuance of call (put) warrants by an offshore subsidiary. The subsidiary shall be registered at a member state of the Multilateral Memorandum of Understanding of the International Organization of Securities Commissions. 3. If the offshore subsidiary is an issuing institution or guarantor of offshore structured products and such products are sold in the Republic of China by the domestic parent company who acts as master agent in accordance with "Regulations	Article 3: The Company provides endorsement and guarantee for offshore subsidiaries specified in the previous Article under the following conditions: 1. The domestic parent company may provide guarantee or provide properties as collateral for guarantee for the underwriting business of offshore subsidiaries. 2. The domestic parent company may provide guarantee or provide properties as collateral for guarantee for the issuance of call (put) warrants by an offshore subsidiary. The subsidiary shall be registered at a member state of the Multilateral Memorandum of Understanding of the International Organization of Securities Commissions. 3. If the offshore subsidiary is an issuing institution or guarantor of offshore structured products and such products are sold in the Republic of China by the domestic parent company who acts as master agent in accordance with "Regulations	1. In response to the Jin-Guan-Zheng-Quan No. 1050002195 Letter issued by the Financial Supervisory Commission on April 27, 2016 to allow securities firms to develop overseas and resolve the difficulties in financing and high interest rates of their offshore subsidiaries, Subparagraph 4 is added to allow securities firms to use their domestic parent companies to provide guarantee or provide properties as collateral for guarantee for the issuance of corporate bonds by offshore subsidiaries. 2. The existing Subparagraph 4 is shifted to Subparagraph 5.

<table>
<tr><td>Governing Offshore Structured Products", the domestic parent company may be jointly and severally responsible for the offshore structured products.
<u>4. The domestic parent company may provide guarantee or provide properties as collateral for guarantee for the issuance of corporate bonds by offshore subsidiaries.</u>
<u>5. If the offshore subsidiary requires financing from local financial institutions due to business requirements, the domestic parent company may provide endorsement and guarantee.</u></td><td>Governing Offshore Structured Products", the domestic parent company may be jointly and severally responsible for the offshore structured products.
4. If the offshore subsidiary requires financing from local financial institutions due to business requirements, the domestic parent company may provide endorsement and guarantee.</td><td></td></tr>
<tr><td>Article 4:
The total amount of guarantee provided by the Company shall not exceed 20% of the Company's net value; the total amount of endorsement and guarantee provided to a single offshore subsidiary in accordance with Article 3, Subparagraph 4 and 5 shall not exceed 5% of the net value of the securities firm; prior approval from the Financial Supervisory Commission shall be required. However, where special requirements apply, the ratio of endorsement</td><td>Article 4:
The total amount of guarantee provided by the Company shall not exceed 20% of the Company's net value; the total amount of endorsement and guarantee provided to a single subsidiary shall not exceed the total amount. The Company shall carefully consider the aforementioned guarantee items and take into full consideration each Independent Director's opinions and record each Independent Director's agreement or objection and</td><td>In response to the Jin-Guan-Zheng-Quan No. 1050002195 Letter issued by the Financial Supervisory Commission on April 27, 2016, the Company added regulations regarding the restriction of 5% of the net value of the securities firm in endorsement and guarantee provided to a single offshore subsidiary where an exception may be allowed with special application and approval. The Letter also stipulated that when a securities firm provides endorsement or</td></tr>
</table>

and guarantee provided to a single offshore subsidiary specified above may be exempted from the restriction after a special approval. The Company shall carefully consider the aforementioned guarantee items and take into full consideration each Independent Director's opinions and record each Independent Director's agreement or objection and reasons for objection in the Board of Directors meeting minutes in detail. The Company shall require approval in a resolution of the Board of Directors meeting before carrying out the aforementioned guarantee or the Chairman may decide to execute the guarantee within the scope authorized by the Board of Directors and submit the case to the Board of Directors meeting for recognition. Major endorsements or guarantees shall be approved with the consent of one-half or more of the entire membership of the Audit Committee and proposed to the Board of Directors meeting for a resolution. However, if the guaranteed entity is a subsidiary in which the Company holds 100% of the direct or indirect voting	reasons for objection in the Board of Directors meeting minutes in detail. The Company shall require approval in a resolution of the Board of Directors meeting before carrying out the aforementioned guarantee or the Chairman may decide to execute the guarantee within the scope authorized by the Board of Directors and submit the case to the Board of Directors meeting for recognition. Major endorsements or guarantees shall be approved with the consent of one-half or more of the entire membership of the Audit Committee and proposed to the board of directors meeting for a resolution. However, if the guaranteed entity is a subsidiary in which the Company holds 100% of the direct or indirect voting rights, the guarantee may be submitted to a later Board of Directors meeting and shall not be subject to the preceding restrictions.	guarantee to a subsidiary for the issuance of corporate bonds or financing from local financial institutions, it shall submit related documents to the Financial Supervisory Commission before implementation and apply for approval.

rights, the guarantee may be submitted to a later Board of Directors meeting and shall not be subject to the preceding restrictions.		

Comparison table of Amendments to" Rules and Procedures of Shareholders' Meeting"

Amendments	Original Articles	Description
Article 3 ………… The company shall prepare electronic files of the meeting announcement, proxy form, explanatory materials relating to proposals for ratification, matters for deliberation, election or dismissal of directors or <u>Independent Directors</u> and other matters on the shareholders' meeting agenda, and upload them to the MOPS website thirty (30) days prior to a regular shareholders' meeting or fifteen (15) days prior to a temporary shareholders' meeting Twenty-one (21)days before a company is to convene an ordinary shareholders' meeting, or fifteen (15) days before an temporary shareholders' meeting, it shall prepare an electronic file of the shareholders' meeting agenda handbook and the supplemental materials, and upload it to the MOPS website. Fifteen (15) days before a company is to convene a shareholders' meeting, it shall prepare the shareholders' meeting agenda handbook and supplemental materials and make them available for the shareholders to obtain and review at any time. In addition, the handbook shall be displayed at the company and its stock registrar and transfer agent, and distributed on-site at the meeting.	Article 3 …………. The company shall prepare electronic files of the meeting announcement, proxy form, explanatory materials relating to proposals for ratification, matters for deliberation, election or dismissal of directors or <u>supervisors</u>, and other matters on the shareholders' meeting agenda, and upload them to the MOPS website thirty (30) days prior to a regular shareholders' meeting or fifteen (15) days prior to a temporary shareholders' meeting Twenty-one (21)days before a company is to convene an ordinary shareholders' meeting, or fifteen (15) days before an temporary shareholders' meeting, it shall prepare an electronic file of the shareholders' meeting agenda handbook and the supplemental materials, and upload it to the MOPS website. Fifteen (15) days before a company is to convene a shareholders' meeting, it shall prepare the shareholders' meeting agenda handbook and supplemental materials and make them available for the shareholders to obtain and review at any time. In addition, the handbook shall be displayed at the company and its stock registrar and transfer agent, and distributed on-site at the meeting.	Delete the regulations of supervisors with regard to the replacement of audit committees.

………….	…………	
Article 6 …………. The Company shall deliver to each shareholder the agenda, annual report, attendance ID, speaking request form, ballots, other meeting materials and, where applicable, the ballots for election of directors and/or Independent Directors. ………….	Article 6 …………… The Company shall deliver to each shareholder the agenda, annual report, attendance ID, speaking request form, ballots, other meeting materials and, where applicable, the ballots for election of directors and/or supervisors. ………….	Delete the regulations of supervisors with regard to the replacement of audit committees.
Article 14 The election of a director and or supervisor shall be in accordance with the relevant bylaw of the Company and the result of the election, including list of elected directors and Independent Directors and the number of votes they received, shall be announced on site. ………….	Article 14 The election of a director and or supervisor shall be in accordance with the relevant bylaw of the Company and the result of the election, including list of elected directors and supervisors and the number of votes they received, shall be announced on site. ………….	Delete the regulations of supervisors with regard to the replacement of audit committees.
Article 19 …………. These Rules were duly established on April 16th,1998 and the first amendment was approved on June 25th,2010. The second amendment was approved on June 24th,2011. The third amendment was approved on June 22th,2012. The fourth amendment was approved on June 19th,2013. The fifth amendment was approved on June 18th,2014. The sixth amendment was approved on June 22th,2017.	Article 19 …………. These Rules were duly established on April 16th,1998 and the first amendment was approved on June 25th,2010. The second amendment was approved on June 24th,2011. The third amendment was approved on June 22th,2012. The fourth amendment was approved on June 19th,2013. The fifth amendment was approved on June 18th,2014. The company will set up an audit committee to replace supervisors since the tenth Board of Meeting. The adjustment of supervisors' regulations will cease to apply till the tenth Board election.	Delete the regulations of supervisors with regard to the replacement of audit committees.

APPENDIX VII

Comparison Table of Amendments to "Procedures for the Acquisition or Disposal of Assets "

Amended Articles	Existing Articles	Description
Article 7 The procedures and provisions of "Procedures for the Acquisition or Disposal of Assets" should be stipulated in the provisions of Internal Control System. If the provisions of Internal Control System cannot meet the requirements of "Procedures for the Acquisition or Disposal of Assets", the transaction shall be complying with the provisions of this procedure. 1.Evaluation procedures： For the acquisition or disposal of assets, the credit risk, market risk, liquidity risk, operational risk, legal risk and efficiency should be evaluated. The Internal assessment should be stipulated in accordance with the internal control system. An opinion should still be issued by an expert for reference according to the following method. 1).In acquiring or disposing of real property or equipment where the transaction amount reaches 20 percent of the company's paid-in capital or NT$300 million or more, the company, unless transacting with a <u>government agency</u>, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following	Article 7 The procedures and provisions of "Procedures for the Acquisition or Disposal of Assets" should be stipulated in the provisions of Internal Control System. If the provisions of Internal Control System cannot meet the requirements of "Procedures for the Acquisition or Disposal of Assets", the transaction shall be complying with the provisions of this procedure. 1.Evaluation procedures： For the acquisition or disposal of assets, the credit risk, market risk, liquidity risk, operational risk, legal risk and efficiency should be evaluated. The Internal assessment should be stipulated in accordance with the internal control system. An opinion should still be issued by an expert for reference according to the following method. 1).In acquiring or disposing of real property or equipment where the transaction amount reaches 20 percent of the company's paid-in capital or NT$300 million or more, the company, unless transacting with a <u>government institution</u>, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following	Amended according to Jing-Guang-Zheng –Fa Letter No. 1060001296 issued by the Financial Supervisory Commission on February 9, 2017. "government institution" is amended to "government agency".

Amended Articles	Existing Articles	Description
provisions: (1).Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction. (2).Where the transaction amount is NT$1 billion or more, appraisals from two or more professional appraisers shall be obtained. (3).Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the	provisions: (1).Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction. (2).Where the transaction amount is NT$1 billion or more, appraisals from two or more professional appraisers shall be obtained. (3).Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the	

Amended Articles	Existing Articles	Description
transaction price: A.The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount. B.The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount. (4).No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser. 2).The company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA	transaction price: A.The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount. B.The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount. (4).No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser. 2).The company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA	

Amended Articles	Existing Articles	Description
needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC). 3).Where the company acquires or disposes of memberships or intangible assets and the transaction amount reaches 20 percent or more of paid-in capital or NT$300 million or more, except in transactions with a <u>government agency</u>, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. 4).Where a public company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.	needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC). 3.)Where the company acquires or disposes of memberships or intangible assets and the transaction amount reaches 20 percent or more of paid-in capital or NT$300 million or more, except in transactions with a <u>government institution</u>, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. 4).Where a public company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.	
Article 8 Under any of the following circumstances, the company acquiring or disposing of assets shall publicly announce and report the relevant	Article 8 Under any of the following circumstances, the company acquiring or disposing of assets shall publicly announce and report the relevant	Amended according to Jing-Guang-Zhen g –Fa Letter No. 1060001296 issued by the

Amended Articles	Existing Articles	Description
information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event: 1. Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. 2. Merger, demerger, acquisition, or transfer of shares. 3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company. 4. Where the type of asset acquired or disposed is equipment for business use, the trading counterparty is not a related party, and the transaction amount meets any of the following criteria: 1).For the company whose paid-in capital is less than NT$10 billion, the transaction amount reaches NT$500 million or more. 2).For the company whose paid-in capital is NT$10 billion or more, the transaction amount reaches NT$1 billion or more.	information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event: 1.Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds. 2.Merger, demerger, acquisition, or transfer of shares. 3.Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company. 4.Where an asset transaction other than any of those referred to in the preceding three subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT$300 million; provided, this shall not apply to the following circumstances: 1).Trading of government bonds. 2).Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets, or subscription of securities by a	Financial Supervisory Commission on February 9, 2017. 1.Revice Subparagraph 1 and Item 3 of Subparagraph 4 of Paragraph 1 to define that a domestic money market fund is referred to a money market fund issued by an institution that engages in securities investment trust business with permission of the Financial Supervisory Commission in accordance with the Securities Investment Trust and Consulting Act. 2.Revise current Item 4 of Subparagraph 4 of Paragraph 1 to raise the standards for announcement of the transaction of equipment that is not for the use of related party, and

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5. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the company expects to invest in the transaction reaches NT$500 million. 6. Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT$300 million; provided, this shall not apply to the following circumstances: 1). Trading of government bonds. 2). Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets, or subscription by investment professionals of ordinary corporate bonds or of general bank debentures without equity characteristics that are offered and issued in the domestic primary market, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange. 3). Trading of bonds under repurchase/resale agreements, or	securities firm, either in the primary market or in accordance with relevant regulations. 3).Trading of bonds under repurchase/resale agreements, or subscription or redemption of domestic money market funds. 4).Where the type of asset acquired or disposed is equipment for business use, the trading counterparty is not a related party, and the transaction amount is less than NT$500 million. 5).Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount is less than NT$500 million. (The amount that the company expects to invest in the transaction.) The amount of transactions above shall be calculated as follows: 1.The amount of any individual transaction. 2.The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year. 3.The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year. 4.The cumulative transaction amount	move it to be Subparagraph 4 of Paragraph 1. 3.Move current Item 5 of Subparagraph 4 of Paragraph 1 to be Subparagraph 5 of Paragraph 1, and move Subparagraph 4 of Paragraph 1 to be Subparagraph 6 of Paragraph 1. 4.Revise current Item 2 of Subparagraph 4 of Paragraph 1 to add that when taking investment as profession to acquires straight corporate bonds from domestic primary market and general financial debentures that do not involve shareholding rights, it is excluded from application scope of public announcement, and move it to be Item 2 of Subparagraph 6. When the securitie firm

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subscription or redemption of <u>money market funds issued by domestic securities investment trust enterprises</u>. The amount of transactions above shall be calculated as follows: 1. The amount of any individual transaction. 2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year. 3. The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year. 4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year. "Within the preceding year" as used in paragraph 2 refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount. The company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.	of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year. "Within the preceding year" as used in paragraph 2 refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount. The company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month. When the company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety. The company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company headquarters, where they shall be retained for 5 years except where another act provides otherwise.	taking investment as a recommended dealer to acquires the unlisted Emerging Stocks with the regulations of the Taipei Exchange, it is also excluded from application scope of public announcement. 5.Revise Paragraph 5 to set forth the time limit for re-announcement of the supplements and corrections for the errors or omissions in original announcement. All the items shall be again publicly announced and reported within two days upon the awareness of the error or omission.

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When the company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission. The company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company headquarters, where they shall be retained for 5 years except where another act provides otherwise.		
Article 10 Procedure for Related Party Transactions： 1.When the company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of Article 7. The calculation of the transaction amount shall be made in accordance with paragraph 2 of Article 8 herein.When judging whether a trading counterparty is a related party, in addition to legal	Article 10 Procedure for Related Party Transactions： 1.When the company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of Article 7.The calculation of the transaction amount shall be made in accordance with paragraph 2 of Article 8 herein.When judging whether a trading counterparty is a related party, in addition to legal	For the reasons for the amendment to Subparagraph 2 of Paragraph 1, please see article 8 herein.

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formalities, the substance of the relationship shall also be considered. 2.When the company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of <u>money market funds issued by domestic securities investment trust enterprises</u>, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the supervisors: 1). The purpose, necessity and anticipated benefit of the acquisition or disposal of assets. 2). The reason for choosing the related party as a trading counterparty. 3). With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with paragraph 3 through 6. 4). The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship	formalities, the substance of the relationship shall also be considered. 2.When the company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of <u>domestic money market funds</u>, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the supervisors: 1). The purpose, necessity and anticipated benefit of the acquisition or disposal of assets. 2). The reason for choosing the related party as a trading counterparty. 3). With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with paragraph 3 through 6. 4). The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the company and the related	

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to the company and the related party. 5). Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization. 6). An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with Subparagraph 1 of paragraph 1. 7). Restrictive covenants and other important stipulations associated with the transaction. 8).The calculation of the transaction amounts shall be made in accordance with Article 8, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors and recognized by the supervisors need not be counted toward the transaction amount. 9).Where the position of independent director has been created in accordance with the provisions of the Act, when a matter is submitted for discussion by the board of directors pursuant to paragraph 1, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of	party. 5). Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization. 6). An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with Subparagraph 1 of paragraph 1. 7). Restrictive covenants and other important stipulations associated with the transaction. 8).The calculation of the transaction amounts shall be made in accordance with Article 8, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors and recognized by the supervisors need not be counted toward the transaction amount. 9).Where the position of independent director has been created in accordance with the provisions of the Act, when a matter is submitted for discussion by the board of directors pursuant to paragraph 1, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.	

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the board of directors meeting. 3.The company that acquires real property from a related party shall evaluate the reasonableness of the transaction costs by the following means: 1). Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance. 2). Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties. 3).Where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the	3.The company that acquires real property from a related party shall evaluate the reasonableness of the transaction costs by the following means: 1).Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance. 2).Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties. 3).Where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding	

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means listed in the preceding Item. 4).The company that acquires real property from a related party and appraises the cost of the real property in accordance with Item 1 and Item 2 shall also engage a CPA to check the appraisal and render a specific opinion. 4.Where the company acquires real property from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Subparagraph 2 and Subparagraphs 3 do not apply: 1). The related party acquired the real property through inheritance or as a gift. 2). More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction. 3). The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land. 5.When the results of the company's appraisal conducted in accordance with Item 1 through 3 of Subparagraph 3 are uniformly lower than the transaction price, the matter shall be handled in compliance with Subparagraph 7. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property	Item. 4).The company that acquires real property from a related party and appraises the cost of the real property in accordance with Item 1 and Item 2 shall also engage a CPA to check the appraisal and render a specific opinion. 4.Where the company acquires real property from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Subparagraph 2 and Subparagraph 3 do not apply: 1).The related party acquired the real property through inheritance or as a gift. 2).More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction. 3).The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land. 5.When the results of the company's appraisal conducted in accordance with Item 1 through 3 of Subparagraph 3 are uniformly lower than the transaction price, the matter shall be handled in compliance with paragraph 7. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been	

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appraiser and a CPA have been obtained, this restriction shall not apply: 1). Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions: (1). Where undeveloped land is appraised in accordance with the means in the preceding paragraph, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower. (2).Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices. (3).Completed leasing transactions by unrelated parties for other floors of the	obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply: 1).Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions: (1).Where undeveloped land is appraised in accordance with the means in the preceding paragraph, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower. (2).Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices. (3).Completed leasing	

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same property from within the preceding year, where the transaction terms are similar after calculation of reasonable price discrepancies among floors in accordance with standard property leasing market practices. 2). Where the company acquiring real property from a related party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. 6.Completed transactions for neighboring or closely valued parcels of land in the preceding Subparagraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property. 7.Where the company acquires real property from a related party and the results of appraisals conducted in accordance with Subparagraph 3 through 5 are uniformly lower than the transaction price, the following steps shall be taken:	transactions by unrelated parties for other floors of the same property from within the preceding year, where the transaction terms are similar after calculation of reasonable price discrepancies among floors in accordance with standard property leasing market practices. 2).Where the company acquiring real property from a related party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. 6.Completed transactions for neighboring or closely valued parcels of land in the preceding Subparagraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property. 7.Where the company acquires real property from a related party and the results of appraisals conducted in accordance with Subparagraph 3 through 5 are uniformly lower than	

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1). A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Securities and Exchange Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company. 2). Supervisors shall comply with Article 218 of the Company Act. 3). Actions taken pursuant to subparagraph 1 and subparagraph 2 shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus. 8.The company that has set aside a special reserve under the preceding Subparagraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.	the transaction price, the following steps shall betaken: 1).A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Securities and Exchange Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company. 2).Supervisors shall comply with Article 218 of the Company Act. 3).Actions taken pursuant to subparagraph 1 and subparagraph 2 shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus. 8.The company that has set aside a special reserve under the preceding Subparagraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing	

<table>
<tr><th>Amended Articles</th><th>Existing Articles</th><th>Description</th></tr>
<tr><td>9.When the company obtains real property from a related party, it shall also comply with the preceding two Subparagraphs if there is other evidence indicating that the acquisition was not an arms length transaction.</td><td>unreasonable about the transaction, and the FSC has given its consent.
9.When the company obtains real property from a related party, it shall also comply with the preceding two Subparagraphs if there is other evidence indicating that the acquisition was not an arms length transaction.</td><td></td></tr>
<tr><td>Article 11

Procedure for Mergers and Consolidations, Splits, Acquisitions, and Assignment of Shares：
1. The company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. <u>However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by a public company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the public company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or</u></td><td>Article 11

Procedure for Mergers and Consolidations, Splits, Acquisitions, and Assignment of Shares：
1. The company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage.
2. A public company participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in paragraph 1 when sending shareholders notification of the shareholders meeting for reference in deciding</td><td>According to Jing-Guang-Zheng –Fa Letter No. 1060001296 issued by the Financial Supervisory Commission on February 9, 2017, it is added that a merger between the Company and a subsidiary that the Company directly or indirectly owns 100% of its issued shares or capital, or a merger between subsidiaries which the Company directly or indirectly owns 100% of their issued shares or capital, is considered group reorganization and is exempted from provision of</td></tr>
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<u>authorized capital.</u> 2.A public company participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in paragraph 1 when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting. 3.A company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the	whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting. 3.A company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent. A company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent. 4.When participating in a merger, demerger, acquisition, or transfer of	expert opinion.

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merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent. A company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent. 4.When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference: 1). Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information. 2). Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting. 3).Important documents and minutes: Including merger, demerger,	another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference: 1).Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information. 2).Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting. 3).Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings. 5. When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days counting immediately from the date of passage of a resolution by the board of directors, report (in the	

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acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings. 5. When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days counting inclusively from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in Item 1 and 2 of the Subparagraph 4 to the FSC for recordation. 6.Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of Subparagraphs 4 and 5. 7.Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger,	prescribed format and via the Internet-based information system) the information set out in Item 1 and 2 of the Subparagraph 4 to the FSC for recordation. 6.Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of Subparagraphs 4 and 5. 7.Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares. 8.The companies participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares: 1).Cash capital increase, issuance of	

Amended Articles	Existing Articles	Description
acquisition, or transfer of shares. 8.The companies participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares: 1). Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities. 2). An action, such as a disposal of major assets, that affects the company's financial operations. 3). An event, such as a major disaster or major change in technology, that affects shareholder equity or share price. 4). An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock. 5). An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares. 6). Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed. 9.The contract for participation by the company in a merger, demerger,	convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities. 2).An action, such as a disposal of major assets that affects the company's financial operations. 3).An event, such as a major disaster or major change in technology, that affects shareholder equity or share price. 4).An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock. 5).An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares. 6).Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed. 9.The contract for participation by the company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following: 1).Handling of breach of contract. 2).Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that	

Amended Articles	Existing Articles	Description
acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following: 1). Handling of breach of contract. 2). Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged. 3). The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof. 4). The manner of handling changes in the number of participating entities or companies. 5). Preliminary progress schedule for plan execution, and anticipated completion date. 6). Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures. 10.After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition,	is demerged. 3).The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof. 4).The manner of handling changes in the number of participating entities or companies. 5).Preliminary progress schedule for plan execution, and anticipated completion date. 6).Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures. 10.After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.	

Amended Articles	Existing Articles	Description
or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew. 11.Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the company shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of Subparagraph 3 through 7 and Subparagraph 10.	11.Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the company shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of Subparagraph 3 through 7 and Subparagraph 10.	

President Securities Corp.
Rules and Procedures of Shareholders' Meeting

Article01. These Rules are prescribed in accordance with Article 5 of the Corporate Governance Best-Practice Principles for TSE/GTSM Listed Companies for the purpose of establishing good governance, strengthening the supervisory functions and administration by the shareholders' meeting.

Article02. Except as otherwise provided by the laws and regulations or the Articles of Incorporation of the Company, the shareholders' meetings of the Company shall be in accordance with these Rules.

Article03. Except as otherwise provided by the laws and regulations, the shareholders' meeting of the Company shall be convened by the Board of Directors.
The company shall prepare electronic files of the meeting announcement, proxy form, explanatory materials relating to proposals for ratification, matters for deliberation, election or dismissal of directors or supervisors, and other matters on the shareholders' meeting agenda, and upload them to the MOPS website thirty (30) days prior to a regular shareholders' meeting or fifteen (15) days prior to a temporary shareholders' meeting Twenty-one (21)days before a company is to convene an ordinary shareholders' meeting, or fifteen (15) days before an temporary shareholders' meeting, it shall prepare an electronic file of the shareholders' meeting agenda handbook and the supplemental materials, and upload it to the MOPS website. Fifteen (15) days before a company is to convene a shareholders' meeting, it shall prepare the shareholders' meeting agenda handbook and supplemental materials and make them available for the shareholders to obtain and review at any time. In addition, the handbook shall be displayed at the company and its stock registrar and transfer agent, and distributed on-site at the meeting.

The meeting notice and the public announcement of the shareholders meeting shall expressly indicate the reasons for convening the meeting.
The meeting notice can be served by means of electricity facilities if agreed by the noticed party .

Election or dismissal of directors, supervisors, proposed amendment to the Articles of Incorporation, proposed dissolution, merger, or split of the Company, event(s) of the conditions provided in the first paragraph of Article 185 of the Company Act, or Article 26-1, or Article 43-6 of the Securities And Exchange Act must be indicated item by item in the reasons for convening the meeting in the meeting notice and none of them can be proposed by way of extempore motion.

A shareholder who holds 1% or more of the total issued shares of the Company may propose in writing one and only one proposal in advance to be included in the agenda for discussion and resolution at the shareholders meeting. All additional proposals, if any, proposed by the shareholder shall be excluded from the agenda. The Board of Directors may decide to exclude from the agenda any proposal proposed by the shareholder which runs into any of the conditions provided in the fourth paragraph of Article 172 -1 of the Company Act.

The Company shall make public announcement about when and where to submit proposal prior to the commencement date of the suspension of transfer of shares in the Company and the opening period for proposal acceptance shall not less than 10 days.

The proposal proposed by the shareholder shall be written in not more than 300 Chinese characters or shall otherwise be excluded from the agenda. The shareholder who has proposed a proposal shall personally attend the general shareholders meeting and participate in the discussion of his/her proposal or he/she may duly designate a proxy to act on his/her behalf at the meeting.

The Company shall give a notice to the shareholder prior to the meeting date regarding the Company's handling of the proposal he/she has proposed. The Company shall, item by item, indicate in the meeting notice all of the proposals submitted in conformity to this Article and the reasons why the other proposals are excluded from the agenda.

Article04. The shareholder may designate a proxy to attend the shareholders meeting on his/her behalf by signing and indicating the scope of authority in the proxy form prepared by the Company.

Each shareholder may sign one and only one proxy form to designate one and only one proxy. The signed proxy form must be served to the Company five days prior to the meeting day. In case of multiple signed proxies from the same shareholder, the first one served to the Company shall prevail except when the shareholder has expressed to cancel the proxy.

The shareholder who, after his/her signed proxy has been served to the Company, is to attend the meeting in person or to exercise his/her voting power by way of electronic transmission shall notify the Company in writing no later than two days prior to the meeting day of his/her intention to cancel his/her signed proxy or the ballots cast by his/her designated proxy present at the meeting shall govern for the purpose of vote counting.

Article05. The shareholders meeting shall be convened at the place where the Company is located or any other appropriate place convenient for shareholders to attend and shall commence no earlier than 9:00AM and no later than 3:00PM on the meeting date. The venue, date and hour of the meeting shall be determined in consideration of the opinion of the independent director.

Article06. The company shall, in the meeting notice, state the reporting time, reporting venue and other items of importance for accepting shareholders.

The abovementioned accepted shareholders shall report at least 30 minutes before the start of the meeting; the reporting venue shall be clearly identifiable and managed by an adequate number of staff who are adequately competent.

Shareholders or agents authorized by shareholders (hereinafter referred to as shareholders) shall present their attendance ID, attendance cards or other attendance certificates at the shareholders' meeting; solicitors soliciting proxy forms shall bring along their identification documents for verification purposes.

The shareholder or his/her proxy who attends the meeting may turn in his/her signed attendance card instead of signing in the attendance book.

The Company shall deliver to each shareholder the agenda, annual report, attendance ID, speaking request form, ballots, other meeting materials and, where applicable, the ballots for election of directors and/or supervisors.

The shareholder shall present his/her attendance ID, signed attendance card or other pre-approved attendance documentation to attend the meeting. Those to attend the meeting as requesters shall also present their identification paper for verification.

A government agency shareholder or an institutional shareholder may be represented at the shareholders' meeting by one or more proxies. An institution acting as the proxy for a shareholder may appoint one and only one representative to act on behalf of the principal of the proxy at the meeting.

Article07. Where the shareholders meeting is convened by the Board of Directors, the meeting shall be presided by the chairman of the Board of Directors. If the chairman is for whatever reason unable to carry out his/her functions at the meeting, the vice chairman shall act in his/her stand. If the Company has no vice chairman or the vice chairman is for whatever reason unable to carry out the function at the meeting either, the chairman shall appoint a standing director to act in his/her stand at the meeting. If the Company has no standing director, the chairman shall appoint a director to act in his/her stand. If above are not applicable, the directors or standing directors (if any) shall elect one from among themselves to preside the meeting.

If the abovementioned position of chairman be filled by a managing director or director, said managing director or director shall be one who has held office for more than six months and understands the company's financial and business conditions. The same applies if the position of chairman is held by a corporate director's representative.

Where the shareholders meeting is convened by any person legally authorized to do so other than the Board of Directors, the meeting shall be presided by the convener.

Where there are two or more conveners, they shall elect one from among themselves to preside the meeting.

The Company may appoint legal counsel(s), certified public accountant(s) and/or the relevant personnel to attend the shareholders' meeting without the right to vote.

Article08. The company shall record the entire meeting either through audio or video.

The abovementioned video and audio materials shall be kept for at least one year. However, in the event that a lawsuit has been filed by shareholder(s) in accordance with Article 189 of the Company Act, said video and audio recordings shall be kept until the end of said lawsuit.

Article09. Whether the shareholders' meeting meets the quorum shall be determined based on the total amount of shares represented at the meeting which shall be counted according to the numbers of attendance cards received plus voting power exercised by way of electronic transmission.

The chairperson shall call the meeting to order as scheduled, provided that where the number of shares represented at the meeting accounts for less than the majority of the total issued shares, the chairperson may announce to postpone calling the meeting to order twice and only twice for a total duration of not more than one hour. If the quorum is still not met after the above postponement duration has expired and the total number of shares represented at the meeting still accounts for less than one third of the total issued shares of the Company, the chairperson shall announce to abort the meeting.

If the quorum is still not met after the meeting has been twice postponed as provided in the preceding paragraph but the number of shares represented at the meeting exceeds one third of the total issued shares of the Company, temporary resolutions may be adopted in accordance with the first paragraph of Article 175 of the Company Act, in which case, the temporary resolutions adopted shall be notified to all shareholders and the shareholders meeting shall reconvene within one month.

If, before the meeting ends, the total shares represented at the meeting account for half or more of the total issued shares of the Company, the chairperson may submit the temporary resolution adopted to the meeting for voting pursuant to Article 174 of the Company Act.

Article10. Where the shareholders' meeting is convened by the Board of Directors, the agenda shall be determined by the Board of Directors and the meeting shall proceed according to the agenda except otherwise changed by the resolution adopted by the shareholders' meeting.

Where the shareholders' meeting is convened by any person legally authorized to do so other than the Board of Director, the preceding paragraph shall apply.

The chairperson shall not forthwith announce to adjourn the meeting before the agenda provided in the two preceding paragraphs (including extempore motions) is duly completed except on the resolution adopted by the shareholders' meeting for him/her to do so. In the event the chairperson announces to adjourn the meeting in contravention to these Rules, the other members of the Board of Directors present shall promptly assist the shareholders present at the meeting to duly elect, by a majority vote, one from among the directors present to preside to continue the meeting.

The chairperson shall allow sufficient time for explanation to be given and discussion on each proposal on the agenda and each amendment or extempore motion proposed by the shareholders. The chairperson may announce to conclude the discussion as he/she sees fit and submit the proposal to voting for resolution.

Article11. The shareholder shall fill out the speaking request form floor before making statement at the meeting and he/she will indicate the gist of his/her statement to make, shareholder account number (or attendance card number) and shareholder name. The chairperson will decide the order for the shareholders to make their statement.

The shareholder who has only filled out the speaking request form floor without actually doing so shall be deemed not having made any statement. In case of any discrepancy between the gist of statement indicated in the shareholder's speaking request and the actual statement made, the actual statement made shall govern.

The shareholder may speak on each proposal twice and only twice for not more than five minutes each except otherwise approved by the chairperson, provided that the chairperson may stop at any time the shareholder from taking the floor if such shareholder has acted in contravention of these Rules or is making statement out of the scope of the proposal being discussed.

No shareholder may interrupt the shareholder taking the floor without the consent of both of the chairperson and the shareholder taking the floor. The chairperson shall restrain any shareholder from acting in breach of the above.

An institutional shareholder who is represented by two or more appointed representatives at the meeting will have its statement on the same proposal made (if any) by one and only one of its appointed representatives.

The chairperson may personally respond to the statement made by the shareholder or appoint the relevant personnel to do so.

Article12. The votes at the shareholders' meeting will be counted based on the number of shares.

The non-voting shares represented at the meeting shall be disregarded for the purpose of counting votes for adopting the resolution.

Shareholders who have personal conflict of interests against the Company on certain proposal shall not vote on that proposal, either for himself/herself or for another shareholder by proxy.

The non-voting shares provided in the preceding paragraph shall be excluded from the calculation of voting shares represented at the meeting.

Except trust businesses or stock affair agency approved by the competent securities authority, a proxy acting on behalf of two or more shareholders at the meeting will have the voting right by proxy representing not exceeding 3% of the total issued shares of the Company. Any vote cast by the proxy in excess of the said representation limit will be ignored.

Article13. The shareholder will have one vote for each share held except where there is limitation on the voting right or the voting right is denied by operation of the second paragraph of Article 179 of the Company Act.

The voting power at a shareholders' meeting may be exercised by way of electronic transmission described in the shareholders' meeting notice. A shareholder who exercises his/her voting power at a shareholders meeting by way of electronic transmission shall be deemed to have attended the said shareholders' meeting in person, but shall be deemed to have waived his/her voting power in respective of any extemporary motion(s) and/or the amendment(s) to the contents of the original proposal(s) at the said shareholders' meeting.

In case a shareholder elects to exercise his/her/its voting power by way of electronic transmission, his/her declaration of intention shall be served to the company two days prior to the scheduled meeting date of the shareholders' meeting, whereas if two or more declarations of the same intention are served to the company, the first declaration of such intention received shall prevail; unless an explicit statement to revoke the previous declaration is made in the declaration which comes later.

In case a shareholder who has exercised his/her voting power by way of electronic transmission intends to attend the shareholders' meeting in person, he/she shall serve a separate declaration of intention to rescind his/her previous declaration of intention made in exercising the voting power two days prior to the meeting date of the scheduled shareholders' meeting and in the same manner previously used in exercising his/her/its voting power. In the absence of a timely rescission of the previous declaration of intention, the voting power exercised by way of electronic transmission shall prevail.

In case a shareholder has exercised his/her voting power by way of electronic transmission, and has also authorized a proxy to attend the shareholders' meeting in his/her behalf, then the voting power exercised by the authorized proxy for the said shareholder shall prevail.

Except as otherwise provided by the Company Act or the Articles of Incorporation of the Company, the resolution of a shareholders meeting shall be adopted by the majority vote represented at the meeting. For the purpose of voting, the chairperson shall announce the total number of votes represented and currently present at the meeting or appoint a personnel to do so each time before calling for voting on each proposal. The resolutions, whether agreement/disagreement/waiver, shall be uploaded to the MOPS website on the day which shareholder’ meeting was held.

Upon voting for resolution on a proposal, if no opposition is expressed by shareholders present at the meeting, and shareholders either through electronic or written form, in response to the chairperson’s invitation for opinion on that proposal, the resolution shall be deemed adopted unanimously and operate as one adopted by voting. In case an opposition is expressed, the proposal shall be voted in accordance with the preceding paragraph.

Where there is revision or substitute proposal on the same proposal, the chairperson shall combine them with that proposal for the purpose of determining their order of voting. If one of the proposals is adopted, the other proposals shall be deemed vetoed and no voting on them will be necessary.

The chairperson shall appoint vote supervisor and vote counter during the voting and the vote supervisor shall also be a shareholder. The vote counting for voting or election motions at the shareholders' meeting shall be conducted publicly at the meeting venue, after vote counting has been completed, the voting results shall be announced on the spot (including the tallied number of votes) and recorded accordingly.

Article14. The election of a director and or supervisor shall be in accordance with the relevant bylaw of the Company and the result of the election, including list of elected directors and supervisors and the number of votes they received, shall be announced on site.

The ballots of the election provided in the preceding paragraph shall be sealed and signed by the personnel supervising the voting and properly kept for at least one year or up through the conclusion of the shareholder action (if any) initiated under Article 189 of the Company Act.

Article15. Each resolution adopted by the shareholders' meeting must be taken down in the meeting minutes which must be signed or impressed with the seal of the chairperson with a copy thereof sent to the shareholders each within twenty (20) after the end of the meeting.

The Company may publish the meeting minutes provided in the preceding paragraph on the MOPS website.

The meeting minutes shall accurately indicate the year, month, date, venue, name of the chairperson, method of adopting resolutions, gist of the proceeding and the conclusion of the meeting and shall be properly kept throughout the standing of the Company.

(Delete this item)

Article16. The Company shall count the number of shares represented by the requesters and proxies present at the meeting, produce and clearly display at the meeting a statistic statement thereof according to the required form.

For each resolution adopted the publication of which is required by law or which belongs to the TWSE-required material information, the Company shall, within the applicable time limit, transmit it to the MOPS.

Article17. The working staff of the meeting shall each wear an ID tag or badge.

The chairperson may direct the order-maintaining personnel or security guard to maintain the order of the meeting. The order-maintaining personnel or security guard shall each wear a badge or ID tag bearing their designation when performing their functions at the meeting.

The chairperson may stop the shareholder from making statements by using any equipment other than those readily facilitated by the meeting (if any).

If the shareholder ignores the chairperson's request for him/her to retrain himself/herself from acting in contravention of these Rules at the cost of the proceeding of the meeting, the chairperson may direct the order-maintaining personnel or security guard at the meeting to escort such shareholder out of the venue of the meeting.

Article18. The chairperson may call the meeting to a break as he/she sees fit. In the event of force majeure. the chairperson may suspend the meeting and announce the appropriate date and hour to resume the meeting. In the event that the venue of the shareholders' meeting is kept from being available for use before the agenda (including extempore motions) is discussed in full, the shareholders' meeting may adopt the resolution for continuing the meeting elsewhere. The shareholders' meeting may adopt the resolution pursuant to Article 182 of the Company Act to re-schedule or resume the meeting within five days.

Article19. These Rules and all subsequent amendments shall come into force after being adopted by the shareholders' meeting.

These Rules were duly established on April 16th,1998 and the first amendment was approved on June 25th,2010. The second amendment was approved on June 24th,2011. The third amendment was approved on June 22th,2012. The fourth amendment was approved on June 19th,2013.

The fifth amendment was approved on June 18th,2014.

The company will set up an audit committee to replace supervisors since the tenth Board of Meeting. The adjustment of supervisors' regulations will cease to apply till the tenth Board election.

Appendix IX

ARTICLES OF INCORPORATION OF PRESIDENT SECURITIES CORP.

Chapter I General Provisions

Article 1:

This Company is duly incorporated under the provisions set forth Company Law regarding companies limited by shares in the full name of PRESIDENT SECURITIES CORP. (Hereinafter referred to as the Company).

Article 2:

The Company shall engage in the following business:

1. H301011, a securities dealer.
2. H408011, an aid on futures transaction
3. H401011, a futures dealer
4. H105011, a trustee

Article 2-1

The scope of business of the Corporation shall be as follows:

1. To underwriter valuable securities
2. To buy and sell valuable securities in centralized trading markets as a principal;
3. To be consigned to buy and sell valuable securities in centralized trading markets;
4. To buy and sell valuable securities in its own business location;
5. To be consigned to buy and sell valuable securities in its own business location;
6. To act as an agent for stock affairs in valuable securities;
7. To engage in short-buy and margin sales for trading in valuable securities;
8. To render aid in futures trading;
9. To be consigned to buy and sell foreign valuable securities;
10. To engage concurrently in proprietary futures trading.
11. To engage concurrently in trustee
12. To be consigned to buy and sell foreign valuable securities;
13. To Operate securities-related business of foreign exchange and permit by the Central Bank of Republic of China. (Taiwan)
14. To engage in other securities related businesses as approved by the competent authorities.

Article 2-2:

The Company may, within the scope as permitted by law, render guarantee services to subsidiaries.

Article 3:

The Company is headquartered in Taipei and may have branches duly set in appropriate locations elsewhere as approved by the government.

Article 4:

This article was deleted.

Chapter II Shares

Article 5:

The Company has New Taiwan Dollars Fifteen Billion Only, divided into 1.5 billion shares at Ten New

Taiwan Dollars par value for which the board of directors is authorized with full powers to issue in installments.

Article 5-1:

When the Company acts as a shareholder of limited liabilities, the total amount of external investment by the Company is free of the maximum limitation at 40% of the paid-in capital as set forth in Article 13 of the Company Law.

Article 6:

The share certificates hereof shall be duly signed and sealed by three directors, affixed with Company seal and duly authenticated by the competent authorities or their authorized organization before issuance. The company may be exempted from printing any share certificate or it may either print a single share certificate or a consolidated share certificate for the shares issued. The Company shall appoint a centralized securities custody institution to make recordation of the issue of such shares.

Article 7:

For transfer of the Company's shares, both the shareholder and the transferee shall jointly apply hereto for transfer procedures and entry into roster of shareholders, provided, that no transfer of shares shall be made within one month prior to a shareholders' regular meeting or fifteen days prior to an extraordinary meeting or within five days prior to allocation of dividend, bonus or other interests.

Article 8:

The share certificates hereof are the registered ones. The shareholders hereof shall have their names and addresses duly registered into roster of shareholders and have their impression cards of registered seals filed herein. The same is required in case of a change. The stock affairs of the Company shall be duly handled according to "Regulations Governing Stock Affairs of Public Offering Companies" promulgated by the competent authorities of the government except as otherwise provided by the laws and securities regulations.

Chapter III Shareholders' meeting

Article 9:

The shareholders' meeting hereof is in regular and extraordinary ones.

The former is called once per annum within six months from closing of each fiscal year.

The latter may be duly called when considering it is necessary.

Article 10:

The notices to a shareholders' meeting shall be duly served to shareholders in accordance with Company Law or other laws concerned.

Article 11:

Each share hereof is entitled to one voting power. A shareholder who is unavailable to attend a shareholders' meeting may duly issue a power of attorney with the Company provided form with scope of authorized power to appoint a proxy for the meeting. In the event a proxy is authorized by two or more shareholders, the voting power exceeding 3% of the total issued shares shall be discarded.

The aforementioned power of attorney shall be served to the Company five days in advance of the Company. In case of multiple authorization, it shall be taken on the first come first served basis unless the preceding authorization is declared withdrawn.

Article 12:

The following issues are subject to resolutions to be adopted in the shareholders' meeting:

1. Establishment and amendment of the Articles of Incorporation.

2. Election of directors.
3. Approval of reports worked out by the board of directors and profit allocation of profit and coverage of loss.
4. Increase, decrease of capital.
5. Major affairs otherwise and issues as required by the Company.

Unless otherwise provided for in the Company Law, resolutions in the shareholders' meeting shall be adopted by a majority vote in the meeting attended by shareholders representing a majority of the total issued shares.

Chapter IV Directors

Article 13:

The Company has nineteen directors (four independent and fifteen non-independent directors), to be elected by shareholders' meeting from among the persons with disposing capacity, both having three-year tenure of office and eligible for reelection. The candidates' qualifications shall live up to requirements of Company Law, Securities and Exchange Law and related regulations.

Directors shall be elected from among the nominees listed in the roster of candidates by adopting candidate nomination system.

The election of independent and non-independent shall be held together but the votes shall be calculated separately.

Article 13-1:

The Company according to Article14-4, Securities and Exchange Law, establish the Audit Committee, composed of the entire number of independent directors.

Audit Committee and among independent directors shall compliance and follow by internal rules in this company and the Government related regulations.

Article 14:

The total registered shares held by all directors shall not be less than specified percentage and the shareholding and auditing shall be subject to requirements promulgated by the competent authorities of the government.

Article 15:

By attendance of two-thirds majority of directors and a majority vote of the attending directors, three~five managing directors shall be elected and, in the same manner, one chairman shall be duly elected. In case of no managing directors, one chairman and one vice chairman shall be elected from among directors in the same manner. The chairman shall chair the shareholders' meeting, board of directors meeting and board of managing directors meeting internally, and represent the Company externally.

Article 16:

Meetings of the board of directors shall be convened by the chairman of the board of directors. Unless otherwise provided for in the Company Law, the resolutions in the board of directors meeting shall be adopted by a majority vote in the meeting attended by a majority of directors.

The Convene Notice of the meeting of board may serve to the directors by writing, E-mail or facsimile.

In the chairman's absence, the vice chairman shall act in the place. In absence of both, the chairman shall appoint a managing director to act in place otherwise one managing director shall be elected from among themselves to act in the place. A director unavailable to the meeting may duly authorize another director to attend a board meeting on his behalf.

Article 17:

The board of directors shall have the following functions:
1. To work out the Company's business plans;

2. To work out organizational regulations, major articles and contracts;
3. To work out budgeting and account closing;
4. To propose for capital increase, decrease;
5. To propose profit allocation or loss coverage;
6. To appoint, discharge managerial officers and key staff;
7. To resolve establishment and dissolution of a branch;
8. To resolve major business affairs otherwise;
9. To exercise other functions endowed by laws and shareholders' meeting.

Article 17-1:

The Board of Directors may, complying with the law or taking into account the necessity, set up any functional committees whose functions, responsibilities, qualifications of committee members, process of exercising the power and so forth to be formulated by the board of directors.

Article 18:

This article was deleted.

Article 19:

The board of directors is authorized to determine the remuneration for directors taking into account the extent and value of the participation for the management of the Corporation and the standards of the industry. Independent directors receive fixed monthly compensation and shall not participate in the allocation of remuneration to directors and supervisors set forth in Article 23.

Article 19-1

The Company may act as a policyholder of liability insurance for the benefit of directors, supervisors, and managers. The board of directors is authorized to determine the limit of liability and the related matters.

Chapter V Managerial officers

Article 20:

The Company has one president to enforce issues as resolved in the board of directors and take charge of overall business operation of the Company, to be nominated by the chairman and duly appointed and discharged in the board of directors. The Company has a certain number of vice president, be nominated by the president and duly appointed and discharged in the board of directors.

Chapter VI Accounting

Article 21:

The fiscal year hereof is beginning January 1 until December 31 each calendar year.

Article 22:

Upon closing of each fiscal year, the board of directors shall work out the following documents according to Article 228 of the Company Law to be audited by Audit Committee thirty days in advance of shareholders' regular meeting and the Audit Committee shall issue a report accordingly to be approved by the shareholders' meeting:

1. Business report
2. Financial statements
3. Proposals of profit allocation or loss coverage

Article 23:

In an effort to encourage employees and management, the Company will distribute compensation to employees and the Directors from pre-tax profits. Where the company has pre-tax profits, the total value of funds to be distributed among employees shall not be less than 1.6% of pre-tax profits; while the total value of funds to be distributed among the Directors shall not be more than 2% of pre-tax profits. If the company has losses carried forward, compensation should only be paid to employees and Directors after funds have been set aside as reserve for such losses.

Employees' compensation should be paid in the form of cash or company shares. A resolution regarding compensation to be distributed should be passed at a Board of Director's meeting by a majority vote at a meeting attending by two-thirds or more of the Directors, after which the results should be reported to the shareholders.

Only those individuals meeting the specific criteria of employees shall be considered employees for the purposes of the employees' compensation distributions.

Article 23-1:

If there are surplus profits after the closing of the books in a given fiscal year, then, after paying applicable taxes and making up losses from previous years, the company should set aside 10% of remaining profits as legal reserve, 20% as special reserve, and any other reserves as required by applicable laws or regulations, and, if any profits still remain, the board of directors shall put forth a motion to the shareholders for distribution of the remaining profits to shareholders.

In the event that the remaining profits represent less than 5% of the value of the company's paid-in capital, then no such distribution is necessary.

The Company's dividend policy should be based on the long-term financial structure and stability of the Company so as to allow for continued growth, which creates the best value for shareholders. The dividend distribution in a given year shall not be less than 70% of the surplus profits available for distribution. Stock dividends should not account for less than 10% of the total dividend distributed, and cash shall not account for more than 50% of the total dividend distributed. However, the Company may take into consideration the actual status of the Company's operations and future capital needs when determining an appropriate ratio of cash and shares for the dividend distribution.

Appendix X

The Impact of the Stock Dividend Issuance on Business Performance, EPS and Shareholders Return Rate

In accordance with the regulation of Letter No. (91)Tai-Tsai-Zheng-1-002534 issued by the Securities and Futures Commission on 16 April 2002, the Company is not obligated to disclose these information since it did not publish any financial forecasts.

Appendix XI

Shareholdings of Directors

1. In accordance with Article 26 of the Securities and Exchange Act:
   The aggregate minimum shareholding for all directors is 32,055,977 shares.

2. As of the date of record for the General Shareholder Meeting, i.e., April 24, 2017, the total shareholdings of directors were as follows:

Title	Name	Shares Held	Shares Ratio %
Chairman	KAI NAN INVESTMENT CO.,LTD	38,262,690	2.87
Director	LIN,KUAN-CHEN	3,100,613	0.23
Director	CHENG, KAO-HUEI	2,696,776	0.20
Director	LEG HORN INVESTMENT CO.,LTD	11,919,326	0.89
Director	DUH, BOR-TSANG	4,024,925	0.30
Director	HUI TUNG INVESTMENT CO.,LTD	9,797,833	0.73
Director	TA LEH INVESTMENT HOLDING CO.,LTD	6,890,121	0.52
Director	LEE , SHY-LOU	8,050,567	0.60
Director	KAO, XIU-LING	3,639,415	0.27
Director	TENE, WEN- HWI	2,229,271	0.17
Director	China F.R.P. Corporation	5,180,034	0.39
Independent Director	Liang, Yann Ping	0	0
Independent Director	WU,TSAI-YI	0	0
Independent Director	LEE, KWANG- CHOU	0	0
Independent Director	FU, KAI- YUN	0	0
TOTAL		95,791,571	7.17