

康和綜合證券股份有限公司
Concord Securities Co. Ltd

**Minutes for 2016 Annual
Shareholders' Meeting**
(Translations)

Time and Date: 9:00 a.m., Friday, June 17, 2016

Location: B2, No.176, Sec. 1, Keelung Rd., Hsin-yi Dist., Taipei City
(The assembly room of Concord Securities Co. Ltd)

Concord Securities Co. Ltd

2016 Annual Shareholders' Meeting Agenda

Time : 9:00 a.m., Friday, June 17, 2016

Location: B2, No.176, Sec. 1, Keelung Rd., Hsin-yi Dist., Taipei City
(The assembly room of Concord Securities Co. Ltd)

The total outstanding eligible number of shares is 638,336,792 shares(deducting 20,000,000 shares bought back by the Company). Of those shares, 71.37% or 455,575,161 shares were represented (38,012,613 shares were voted electronically) at the meeting either in person or by a representative for the respective shareholders.

Attendance of directors: Cheng, Ta-Yu、Cheng, Yin-Hua、Su, Hui-Fen、Cheng, Chiung-Chu、
Huang, Yao-Tung、Ma, Pei-Chun

Attendance of independent directors: Lo, Ching-An、Lee, Chin-Shen

Chairman: Gordon Yeh, the chairman of the Board of Directors

Recorder: Yang, Li-Chin、Chou, I-Ching

1.Chairman of the Meeting announced that the shareholding of shareholders present has met the regulatory requirement so that the Meeting begins.

2. Opening speech of the Chairman (Omitted)

Issues to be discussed

Proposal 1: Proposed by the Board of Directors

Proposal : The Amendment of “Articles of Incorporation”

Explanation:

1. Pursuant to Amendment of Company Act, the Company's Articles of Incorporation must be amended.
3. Please refer to Appendix 1 (pp.8 – 10) for a reference table of the proposed amendments of the Articles of Incorporation .

4. Your decision is appreciated.

Voting Results:

approval votes: 450,424,938 votes/98.87%;

disapproval votes: 1,526,233 votes/0.33%;

invalid votes:0/0.00%;

abstention votes/no votes: 3,623,990 votes/0.80%

RESOLVED, that the above proposal be and hereby was approved as proposed.

The reporting subjects

1. The 2015 Business Report

Shareholders were acknowledged.

2. Audit Committee's Review Report on the 2015 Financial Statements

Shareholders were acknowledged.

3. 2015 distribution plan for employees' compensation and directors' remuneration

Shareholders were acknowledged.

4. Implementation of Share Buyback Program

Shareholders were acknowledged.

5. Other reporting subjects

none

The recognition of subjects:

Proposal 1: Proposed by the Board of Directors

Proposal: Adoption of the 2015 Business Report and Financial Statements

Explanation:

- (1) Concord Securities Co. Ltd 's Financial Statements, including the balance sheet, income statement, statement of changes in shareholders' equity, and statement of cash flows, were audited by independent auditors, Chen, Chun-Hung and Kuo, Cheng-Hung of Deloitte & Touche. Also Business Report and Financial Statements have been approved by the Board and examined by the supervisors .
- (2) The 2015 Business Report, Audit Committee's audit report, and the above-mentioned Financial Statements are attached in the Meeting Handbook, pp. [11-29].

Voting Results:

approval votes: 450,938,205 votes/98.98%;

disapproval votes: 42,850 votes/0.01%;

invalid votes:0/0.00%;

abstention votes/no votes: 4,594,106 votes/1.01%

RESOLVED, that the above proposal be and hereby was approved as proposed.

Proposal 2: Proposed by the Board of Directors

Proposal: Adoption of the Proposal for Distribution of 2015 Profits

Explanation:

- (1) The Board has adopted a Proposal for Distribution of 2015 Profits in accordance with the Company Act and Articles of Incorporation. Please refer to the 2015 PROFIT DISTRIBUTION TABLE below.
- (2) The proposed dividend to shareholders is NT\$ 127,667,358 (equivalent to NT\$0.2 per share).
- (3) Upon the approval of the Annual Meeting of Shareholders, it is proposed that the Board of Directors be authorized to resolve the ex-dividend date, payment date, and other relevant issues.
- (4) In the event that, before the distribution record date, the proposed profit distribution is affected by an amendment to relevant laws or regulations, a request by the competent authorities, or a buyback of shares or issuance of new shares for transferring treasury shares to employees or for equity conversion in connection with domestic or overseas convertible corporate bonds or other convertible securities or employee stock options, it is proposed that the Board of Directors be authorized to adjust the cash to be distributed to each share based on the number of actual shares outstanding on the record date for distribution.

Concord Securities Co., Ltd.
Earnings Distribution Table
2015

Unit:NTD

Items	Total
Unappropriated earnings, beginning	48,687,450
Adjusted amount of retained earnings due to stock investments measured by equity method	259,595
Retained earnings due to actuarial losses	1,178,158
Unappropriated earnings after adjustment	50,125,203
Net profit for the year ended December 31, 2015	236,221,392
10% legal reserve	(23,622,139)
Special reserve	(122,407,973)
Distributable earnings	140,316,483
Distributable items: NT\$0.2 cash dividend per share	(127,667,358)
Unappropriated earnings, ending	12,649,125

Chairman: Yeh, Kung-Liang

President: Cheng, Ta-Yu

Accountant: Kang, Ching-Tai

Voting Results:

approval votes: 450,935,069 votes/98.98%;

disapproval votes: 45,986 votes/0.01%;

invalid votes:0/0.00%;

abstention votes/no votes: 4,594,106 votes/1.01%

RESOLVED, that the above proposal be and hereby was approved as proposed.

Extempore motions

Shareholder Account No. 144043 speech: Repurchase 5%~10% of share capital annually in treasure stock immediately.

Chairman replies: The company will make a prudent assessment.

Adjournment : June 17, 2016 at 9:50 a.m.

Appendices

1. The Table for the Amended Articles of “Articles of Incorporation”

Revised Article	Current Version	Explanation
<p>Article 5 The total authorized capital of the Company shall be NT\$15 billion, divided into 1500 million shares with a par value of NT\$10 each, <u>which the Board has been authorized to issue in stages</u>, of which 200 million shares shall be reserved <u>for exercising options</u>.</p>	<p>Article The total authorized capital of the Company shall be NT\$15 billion, divided into 1500 million shares with a par value of NT\$10 each, to be issued by installments, of which 200 million shares shall be reserved for convertible bonds, company warrants and/or exercising options.</p>	<p>Amended according to the need of the Company.</p>
<p>Article 25 If making any profits in a fiscal year, the Company shall set aside from 1% to 2% of the profits for employees’ compensation following the board resolution to distribute in stock or cash dividend for eligible employees of the Company and subsidiaries. The board resolution in remuneration to directors may not exceed five percent of the profit. The employees’ compensation and remuneration to directors shall be proposed by the Board of Directors and resolved in the shareholders’ meeting If the Company has cumulated losses, the profit shall be first utilized for making up losses for previous years and then following the afore-mentioned percentage to distribute the employees’ compensation and remuneration to directors.</p>	<p>Article 25 The profits of the Company in each fiscal year shall first be applied to payments of taxes, recovery of past losses, and company reserve in accordance with the relevant rules and regulations as follows: I. 10% of the profits as the legal reserve II. 20% of the profits as the special surplus reserve (where this reserve equals to or exceeds the paid-in capital of the Company, the Company may discontinue appropriate of profit to this reserve). Any remaining profit shall be accumulated to the previous year’s retained earnings and may collectively be used as distributable profits. After deduction by the Board for operation necessities, distributable profits shall be allocated in accordance with the following proposal and submitted for approval at a shareholders' meeting: I. Remuneration of Directors not exceeding 5% of the balance; II. Employee bonuses in the sum of 1 to 2% of the balance; Given the Company is in the securities industry, which is a volatile industry environment, and in its growth stage</p>	<p>Pursuant to Article 235-1 of the “Company Act”, distribution mechanism of employees’ compensation and directors’ remuneration is added in the first paragraph.</p>

	<p>that still needs plenty of capital to assure competitiveness and development of business, the Company shall determine the optimal dividend policy by taking into account its current profitability and future working capital needs, and this includes appropriate use of cash dividend.</p> <p>When the Company prepares a proposal for allocation of distributable profit, the following principles shall be considered: for distributed dividend, no less than 50% of net profits after tax in the current year; and for stock dividend, no less than 80% of proposed distributed dividend in the current year.</p>	
<p>Article 25-1 Where the Company made profit after the close of a fiscal year after the yearly settlement of accounts, the profit shall be first utilized for paying taxes, making up losses for previous years, setting aside reserves as follow: 一、Statutory surplus reserves (Legal reserve): 10% of the profit 二、Special reserve: 20% of the profit However, if the accumulated amount of reserves reaches or exceeds the paid-in capital amount, no further fund needs to be set aside. The reminders shall be set aside according to the regulation or reverse to special reserve. IF there is a balance in the remaining of the profit combining with the cumulated un-appropriated retained earnings, the board may stipulate the distribution plan and propose to distribute the shareholders' dividend bounce in the resolution of the shareholders' meeting. Our dividend policy, considering the necessity, future business development plan, investment environment, funding need, competitiveness in international wide</p>	<p>none</p>	<p>Pursuant to Article 235-1 of the "Company Act", distribution mechanism of employees' compensation and directors' remuneration is added in the first paragraph.</p>

<p>and the interest of shareholders, The un-appropriated retained earnings shall be used as the basis for the distribution of dividends and bonus to shareholders, subject to no less than 50% of the basis. The board of directors is authorized to make no distribution of dividends and bonus to shareholders when the un-appropriated retained earnings are less than 0.5% of paid-in capital. The board may resolve to distribute dividends and bonus to shareholders in stock or cash dividend. Cash dividend may not be less than 10% of total dividend.</p>		
<p>Article 27 These Articles of Incorporation were enacted on October 7th, 1990, and were amended on June 20th, 1991, as the 1st amendment; on November 17th, 1992, as the 2nd amendment; on March 30th, 1995, as the 3rd amendment; on May 22, 1997, as the 4th amendment; on April 24th, 1998, as the 5th amendment; on May 15th, 1999, as the 6th amendment; on June 29th, 2000, as the 7th amendment; on December 12th, 2000, as the 8th amendment; on May 31st, 2002, as the 9th amendment; on May 30th, 2003, as the 10th amendment; on May 27th, 2004, as the 11th amendment; on June 17th, 2005, as the 12th amendment; on June 9th, 2006, as the 13th amendment; on June 15th, 2007, as the 14th amendment; on June 13th, 2008, as the 15th amendment; on June 15th, 2010, as the 16th amendment; on June 22th, 2012, as the 17th amendment; on June 20th, 2014, as the 18th amendment, and on June 12th, 2015, as the 19th amendment, <u>and on June 17th, 2016, as the 20th amendment.</u></p>	<p>Article 27 These Articles of Incorporation were enacted on October 7th, 1990, and were amended on June 20th, 1991, as the 1st amendment; on November 17th, 1992, as the 2nd amendment; on March 30th, 1995, as the 3rd amendment; on May 22, 1997, as the 4th amendment; on April 24th, 1998, as the 5th amendment; on May 15th, 1999, as the 6th amendment; on June 29th, 2000, as the 7th amendment; on December 12th, 2000, as the 8th amendment; on May 31st, 2002, as the 9th amendment; on May 30th, 2003, as the 10th amendment; on May 27th, 2004, as the 11th amendment; on June 17th, 2005, as the 12th amendment; on June 9th, 2006, as the 13th amendment; on June 15th, 2007, as the 14th amendment; on June 13th, 2008, as the 15th amendment; on June 15th, 2010, as the 16th amendment; on June 22th, 2012, as the 17th amendment; on June 20th, 2014, as the 18th amendment, and on June 12th, 2015, as the 19th amendment.</p>	<p>The 20th amendment was added.</p>

2.The 2015 Business Report

In first half of 2015, global stock markets were exuberant and U.S. & European stock markets reached the new high. CN-SHI continued the upward trend since Q4 2014 and hit the highest point after 2008 financial crisis. TWSE index, leading by the high-price stocks including Largan Precision (3008.TW), exceeded 10,000 points on April 27 in 2015, the first time from 2008. However, imposing capital gains taxes did affect the stock market negatively with the extending daily price fluctuation limits at 10%, the increasing volatility of stocks, the increasing risk in hedging and the increasing collateral maintenance ratio of margin trading. Those events influenced the momentum of money flow. The TWSE index trend turned downward after April because of the shrink and slump in economic and market performance. In bond market, the yield rate of government bond fell is because the Taiwan central bank kept the easing monetary policy and major Asia emerging countries also kept devaluing their FX policy. The market performance was sluggish dramatically in the 2nd half of year because of the lack of confidence in the market and the slump in U.S. stock market. The TWSE index finally closed at 8338.06 on 24th August. The TWSE index plummeted to 7,203 points, the lowest point in the year, and suffered the biggest one-day point drop, 583 points and 7.5%. It was the third crash in the Taiwan stock market history, only less than the sell-off in technology bubble and gulf war. The average daily market turnover decreased 2.56% from 119.91 billion in 2014 to 116.85 billion in 2014. The TWSE index ended at 8,338.06 points, falling down 969.2 points and 10% in 2015.

In 2015, Concord Securities made NT\$ 2.45 billion in consolidated net revenue, NT\$ 258.35 million in consolidated pre-tax income, NT\$240.25 million in consolidated after-tax income and earnings per share NT\$0.35. Our shareholders' equity in 2015 was NT\$ 7.76 billion and net worth per share NT\$11.79. The current ratio was 118.78% and the liability ratio was 77.14%. The national long-term rating was A-(tw) and the national short-term rating was 'F2(twn)'. Overall, Concord Securities has a robust financial structure.

Results of implementation of the business plan in the previous year

Brokerage business:

- Brokerage business market share reached 1.163% in 2015.
- The average monthly margin loan balance was NT\$5.1 billion for a 2.14% market share.

Fixed income Business:

- Our company devoted ourselves in the transaction of government bond and corporate bond in the market. We also participated in second bond market and played an important role in market maker.
- Our company obtained the 1st and 2nd half year awards of government bond market maker granted by Taipei Exchange (GreTai stock exchange) in 2015. Our trading volume of government bond was surpassing our peers.
- We would like to develop our client end system of CBAS and provide the best service to our clients.

Underwriting Business:

- Our signed mandates of IPOs cases were selected in superior, potential and growing companies. We already had 9 companies listed in recent years. The number of our SPOs cases increased, comparing to 2014.
- The emerging stock market share 4.53% was ranked at 5th in 2015.

Warrant Business:

- Issues of warrants, reaching 556 and NT\$4.6 billion, were ranked at 12th in 2015.

Concord Futures:

- Concord Futures was the first company, granted by the Financial Supervisory Commission (FSC), to invest RMB 9.69 million and acquire 1.59% of capital shares in Guoyuan Futures in mainland China.
- Concord Futures held “Concord Cup- Option Real Trading Open” and had more than 7 hundred world-wide college students competing in the same time. Those students traded over 120 thousand contracts in this competition.
- Concord futures made their best achievement in P&L in 2015. NT\$ 111.23 million in pre-tax income, NT\$94.04 million in after-tax income and earnings per share NT\$1.25 were made. The trading volume in options and futures was achieved the historical high in 2015.

Concord Managed Futures & Futures Trust:

- Concord Managed Futures & Futures Trust was awarded the first place in trading volume contribution of futures trust group by Taiwan Futures Exchange in November, 2015. The first CTA fund 「Concord Dream Fund」 was created a new innovation in asset allocation in fund portfolio management. The fund manager invests in long and short trend trading and delivered an absolute return in this fund. They also earned the CTA fund diamond award at the first place.
- Concord Managed Futures & Futures Trust made NT\$ 18.86 million in pre-tax losses and after-tax losses.

Concord Capital Management:

- Concord Capital Management applied to the authority regarding to be the master agent of Carmignac funds in April, 2014. It got its first investment advisory case in September, 2015.
- Concord Capital Management made NT\$ 5.16 million in pre-tax loss and after-tax loss.
- Concord Securities (HK):
- Concord Securities (HK) made HK\$ 17.096 million in pre-tax loss and after-tax loss. It will improve the performance by focusing on futures brokerage, niche businesses and cost deduction.

Concord Insurance Agent:

- Concord Insurance Agent made profits in the first startup year and made profits again in 2015. They made NT\$ 8.52 million in pre-tax income and NT\$7.07 million in after-tax income. Total insurance fee increased 80% compared to 2014 and total commission also increased 60%. It showed the momentum growth of the group in insurance business. Our group devoted to develop the insurance business in order to provide our clients a full coverage service in asset allocation and wealth management.

Concord Asset Management:

- Concord Asset Management made NT\$ 27.46 million in pre-tax income and after-tax income.

Results of implementation of the business plan in the previous year

- Our company was awarded the top 5% company in “Corporate Government Evaluation” announced by TWSE in April, 2015.
- Our company was awarded 「A++」 in “Information Disclosure and Transparency Ranking System (IDTRS)”, ranked by Securities & Futures Institute in April, 2015.
- Our electronic trading platform of client service center was certified in ISO 9001:2008 quality management system in September, 2015.
- Concord Futures and Concord Managed Futures & Futures Trust won the prizes including the best contribution in futures brokerage, the diamond prize in futures fund and the best contribution in futures trust.
- Mr. Lin How Wei, the chief investment officer of Concord Managed Futures & Futures Trust, was granted an outstanding futures professional in the 13th Golden Goblet Award.
- Our company was awarded the prize of best product portfolio in 2015 outstanding securities services evaluation.
- Our company acquired the certification in ISO 2007 information security management system in consecutive 5 years.
- Risk management ranking of securities firms was granted the second grade in 2013.

In 2016 outlook, our company would like to pursue our vision to become the best investment bank to develop and create client best value. According to our four strategies including becoming a highly profitable investment bank, strengthening E-commerce, diversified products and selling with discipline, we will focus on “research “and “IT”, the hearts of investment bank, to support all of our businesses, extend client services, increase client asset, and realize the value of investment bank. In future, we will look for the cooperation with different strategy partners, enhance the capital structure, and develop all-round financial product services in order to make a robust growth.

Concord group will keep going to become a more internationalized financial group following our

company guidance 「 Integrity, Steadiness, Service and Going Concern 」 . Our mission is to provide our clients superior, professional, and differentiated services and make those to become our core strength. We will enforce in our internal control system mechanism and risk management system mechanism to strengthen the infrastructure and our competitive competences. We do fulfill our obligation in social responsibility to act for the benefit of society and create the intrinsic value to our shareholders. We believe we will become the best company among peers in Great China, make our best to deliver value to our shareholders and earn the respect and support from all of you our shareholders.

Chairman	Yeh, Kung-Liang
Vice Chairman/President	Cheng, Ta-Yu
Chief Financial Officer	Kang, Jing-Tai

3. Audit Committee's Review Report on the 2015 Financial Statements

Concord Securities Co. Ltd Audit Committee's Review Report

Hereby approve

The Board of Directors submits the 2015 Business Report, Earnings Distribution Table and the Financial Statements (Including Consolidated Financial Statements) which was audited by Deloitte & Touche and inspected by the Supervisors who affirmed that there is no violation against the law and has followed the regulation of Article 219 in Company Act.

Hereby submit it for inspection.

Sincerely,

2016 Annual Shareholders' Meeting

Jinnder Chang

Chairman of The Audit Committee

Concord Securities Co. Ltd

March 17, 2016

4. INDEPENDENT AUDITORS' REPORT

The Board of Directors and the Stockholders
Concord Securities Co., Ltd.

We have audited the accompanying balance sheets of Concord Securities Co., Ltd. (the "Corporation") as of December 31, 2015 and 2014, and the related statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2015 and 2014. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits. The Corporation's stock investments measured by equity method included amounts based on financial statements of investees audited by other auditors. Such investments amounted to \$884,958 thousand and \$921,083 thousand, or 2.95% and 2.66% of total assets as of December 31, 2015 and 2014, respectively, and the share of loss of subsidiaries and associates together amounted to \$49,492 thousand and \$92,706 thousand, or (20.99%) and (102.51%) of profit before tax for the years ended December 31, 2015 and 2014, respectively.

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

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Concord Securities Co., Ltd. as of December 31, 2015 and 2014 and its financial performance and its cash flows for the years ended December 31, 2015 and 2014, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Firms and related regulations in the Republic of China.

March 17, 2016
Notice to Readers

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail. INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

The Board of Directors and the Stockholders
Concord Securities Co., Ltd.

We have audited the accompanying consolidated balance sheets of Concord Securities Co., Ltd. (the "Corporation") and its subsidiaries as of December 31, 2015 and 2014, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2015 and 2014. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. The Corporation's subsidiaries and stock investments measured by equity method included amounts and related disclosures based on financial statements of subsidiaries and associates audited by other auditors. The subsidiaries' assets amounted to \$1,183,019 thousand and \$1,341,224 thousand, or 3.48% and 3.47% of total assets as of December 31, 2015 and 2014, respectively, and operating income amounted to \$41,545 thousand and \$79,046 thousand, or 1.70% and 3.40% of consolidated operating income for the years ended December 31, 2015 and 2014, respectively. The investments in associates measured by equity method amounted to \$498,604 thousand and \$479,122 thousand as of December 31, 2015 and 2014, or 1.47% and 1.24%, respectively, of total assets, and the share of profit (loss) of associates amounted to net profit of \$20,493 thousand and net loss of \$21,505 thousand, or 7.93% and (19.94%) of consolidated profit before tax for the years ended December 31, 2015 and 2014, respectively.

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

In our opinion, based on our audits and the reports of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Concord Securities Co., Ltd. and its subsidiaries as of December 31, 2015 and 2014 and their consolidated financial performance and their consolidated cash flows for the years ended December 31, 2015 and 2014, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Firms, and Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed by the Financial Supervisory Commission of the Republic of China.

We have also audited the parent company only financial statements of Concord Securities Co., Ltd. as of and for the years ended December 31, 2015 and 2014 on which we have issued an unqualified report with modified wordings.

March 17, 2016

5.2015 Financial Statements

CONCORD SECURITIES CO., LTD.

BALANCE SHEETS DECEMBER 31, 2015 AND 2014 (In Thousands of New Taiwan Dollars)

ASSETS	2015		2014	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents	\$ 315,489	1	\$ 140,121	-
Financial assets at fair value through profit or loss - current	16,474,385	55	16,691,151	48
Available-for-sale financial assets - current	316,262	1	279,073	1
Bond investments under resale agreements	1,383,865	5	2,766,814	8
Margin loans receivable	4,319,499	15	5,772,375	17
Refinancing margin	20,941	-	10,109	-
Refinancing collateral receivable	17,994	-	9,400	-
Security borrowing collateral price	111,528	-	241,856	1
Security borrowing margin	110,950	-	219,835	1
Notes receivable	136	-	380	-
Accounts receivable	1,699,870	6	3,157,356	9
Prepayments	22,451	-	16,537	-
Other receivables	4,370	-	4,173	-
Other financial assets - current	89,500	-	181,400	-
Current tax assets	33,883	-	39,054	-
Restricted assets - current	618,200	2	635,200	2
Other current assets	210,066	1	4,879	-
Total current assets	<u>25,749,389</u>	<u>86</u>	<u>30,169,713</u>	<u>87</u>
NON-CURRENT ASSETS				
Financial assets measured at cost - non-current	40,646	-	40,646	-
Available-for-sale financial assets - non-current	-	-	120,267	-
Investments accounted for using equity method	2,163,406	7	2,172,589	6
Property and equipment	953,769	3	935,942	3
Investment properties	467,677	2	482,071	2
Intangible assets	19,749	-	16,303	-
Deferred tax assets	79,091	-	67,574	-
Other non-current assets	556,985	2	679,339	2
Total non-current assets	<u>4,281,323</u>	<u>14</u>	<u>4,514,731</u>	<u>13</u>
TOTAL	<u>\$ 30,030,712</u>	<u>100</u>	<u>\$ 34,684,444</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings	\$ 350,000	1	\$ 497,000	1
Commercial paper payable	3,173,298	11	4,979,068	14
Financial liabilities at fair value through profit or loss - current	1,079,087	4	2,327,295	7
Liabilities for bonds with repurchase agreements	13,583,410	45	13,273,990	38
Securities financing refundable deposits	394,820	1	582,678	2
Deposits payable for securities financing	435,252	1	749,159	2
Accounts payable	2,487,418	8	4,145,395	12
Other payables	249,458	1	222,183	1
Provisions - current	18,128	-	18,774	-
Other current liabilities	259,023	1	28,987	-
Total current liabilities	<u>22,029,894</u>	<u>73</u>	<u>26,824,529</u>	<u>77</u>
NON-CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss - non-current	93,401	-	4,039	-
Provisions - non-current	14,677	-	14,677	-
Deferred tax liabilities	5,162	-	4,301	-
Other liability - refundable deposits	3,447	-	2,581	-
Accrued pension liabilities - non-current	168,846	1	170,423	1
Total non-current liabilities	<u>285,533</u>	<u>1</u>	<u>196,021</u>	<u>1</u>
Total liabilities	<u>22,315,427</u>	<u>74</u>	<u>27,020,550</u>	<u>78</u>
EQUITY				
Share capital	6,883,368	23	6,883,368	20
Capital surplus	17,761	-	17,761	-
Retained earnings				
Legal reserve	8,355	-	1,686	-
Special reserve	859,768	3	848,434	3
Unappropriated earnings	286,346	1	66,690	-
Total retained earnings	<u>1,154,469</u>	<u>4</u>	<u>916,810</u>	<u>3</u>
Other equity	(75,162)	-	16,811	-
Treasury stock	(265,151)	(1)	(170,856)	(1)
Total equity	<u>7,715,285</u>	<u>26</u>	<u>7,663,894</u>	<u>22</u>
TOTAL	<u>\$ 30,030,712</u>	<u>100</u>	<u>\$ 34,684,444</u>	<u>100</u>

CONCORD SECURITIES CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2015		2014	
	Amount	%	Amount	%
NET OPERATING GAIN (LOSS)				
REVENUES				
Securities brokerage commissions	\$ 545,598	35	\$ 676,729	43
Income from securities lending	708	-	1,596	-
Underwriting commissions	71,734	5	71,697	5
Gains on sale of securities, net	200,810	13	167,101	11
Revenue from providing agency service for stock affairs	12,857	1	11,949	1
Interest income	574,269	36	656,221	42
Dividend income	63,431	4	65,715	4
Valuation gains (losses) on operating securities at fair value through profit or loss, net	47,875	3	(107,620)	(7)
Losses on covering of borrowed securities and bonds with resale agreements, net	(45,617)	(3)	(14,431)	(1)
Valuation gains (losses) on borrowed securities and bonds with resale agreements, net	9,657	1	(8,755)	(1)
Gains on issuance of stock warrants, net	39,682	2	22,607	1
Commission revenue from futures	14,838	1	17,238	1
Gains on derivative instruments - futures, net	921	-	6,616	-
Gains (losses) on derivative instruments - OTC, net	32,546	2	(3,161)	-
Other operating income	7,632	-	8,428	1
Total revenues	<u>1,576,941</u>	<u>100</u>	<u>1,571,930</u>	<u>100</u>
EXPENSES				
Handling fee expenses	(41,417)	(3)	(48,424)	(3)
Finance costs	(123,479)	(8)	(129,295)	(8)
Securities commission expenses	(10,839)	(1)	(10,800)	(1)
Expenses of clearing and settlement	(702)	-	(181)	-
Other operating costs	(1,208)	-	(1,348)	-
Employee benefits expense	(844,606)	(53)	(881,174)	(56)
Depreciation and amortization	(55,336)	(3)	(67,870)	(5)
Other operating expenses	<u>(408,506)</u>	<u>(26)</u>	<u>(438,973)</u>	<u>(28)</u>
NET OPERATING GAIN (LOSS)	<u>90,848</u>	<u>6</u>	<u>(6,135)</u>	<u>(1)</u>
SHARE OF PROFIT (LOSS) OF SUBSIDIARIES AND ASSOCIATES	28,508	2	(19,990)	(1)
OTHER INCOME AND EXPENSES	<u>116,403</u>	<u>7</u>	<u>116,564</u>	<u>7</u>
PROFIT BEFORE TAX	235,759	15	90,439	5
INCOME TAX INCOME (EXPENSE)	<u>462</u>	<u>-</u>	<u>(19,485)</u>	<u>(1)</u>

(Continued)

CONCORD SECURITIES CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2015		2014	
	Amount	%	Amount	%
NET PROFIT FOR THE YEAR	<u>236,221</u>	<u>15</u>	<u>70,954</u>	<u>4</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	1,420	-	(4,801)	-
Share of the other comprehensive income (loss) of subsidiaries and associates	259	-	(279)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>(241)</u>	<u>-</u>	<u>816</u>	<u>-</u>
	<u>1,438</u>	<u>-</u>	<u>(4,264)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	17,590	1	29,325	2
Unrealized losses on available-for-sale financial assets	(106,106)	(7)	(6,744)	(1)
Share of the other comprehensive income (loss) of subsidiaries and associates	(1,011)	-	669	-
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>(2,446)</u>	<u>-</u>	<u>(4,436)</u>	<u>-</u>
	<u>(91,973)</u>	<u>(6)</u>	<u>18,814</u>	<u>1</u>
Other comprehensive income (loss), net	<u>(90,535)</u>	<u>(6)</u>	<u>14,550</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 145,686</u>	<u>9</u>	<u>\$ 85,504</u>	<u>5</u>
EARNINGS PER SHARE				
Basic	<u>\$ 0.35</u>		<u>\$ 0.10</u>	
Diluted	<u>\$ 0.35</u>		<u>\$ 0.10</u>	

(Concluded)

CONCORD SECURITIES CO., LTD.

**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)**

	Retained Earnings					Other Equity		Treasury Stock	Total Equity
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficits)	Exchange Differences on Translating Foreign Operations	Unrealized Gains (Losses) on Available-for-sale Financial Assets		
BALANCE AT JANUARY 1, 2014	\$ 6,883,368	\$ 17,761	\$ 1,686	\$ 892,140	\$ (43,706)	\$ (5,653)	\$ 3,650	\$ -	\$ 7,749,246
Appropriation of 2013 earnings									
Offset of accumulated deficits by special reserve	-	-	-	(27,927)	27,927	-	-	-	-
Reversal of special reserve	-	-	-	(15,779)	15,779	-	-	-	-
Net profit for the year ended December 31, 2014	-	-	-	-	70,954	-	-	-	70,954
Other comprehensive income (loss) for the year ended December 31, 2014, net of income tax	-	-	-	-	(4,264)	24,889	(6,075)	-	14,550
Purchase of treasury stock	-	-	-	-	-	-	-	(170,856)	(170,856)
BALANCE AT DECEMBER 31, 2014	6,883,368	17,761	1,686	848,434	66,690	19,236	(2,425)	(170,856)	7,663,894
Appropriation of 2014 earnings									
Legal reserve	-	-	6,669	-	(6,669)	-	-	-	-
Special reserve	-	-	-	13,338	(13,338)	-	-	-	-
Reversal of special reserve	-	-	-	(2,004)	2,004	-	-	-	-
Net profit for the year ended December 31, 2015	-	-	-	-	236,221	-	-	-	236,221
Other comprehensive income (loss) for the year ended December 31, 2015, net of income tax	-	-	-	-	1,438	15,144	(107,117)	-	(90,535)
Purchase of treasury stock	-	-	-	-	-	-	-	(94,295)	(94,295)
BALANCE AT DECEMBER 31, 2015	<u>\$ 6,883,368</u>	<u>\$ 17,761</u>	<u>\$ 8,355</u>	<u>\$ 859,768</u>	<u>\$ 286,346</u>	<u>\$ 34,380</u>	<u>\$ (109,542)</u>	<u>\$ (265,151)</u>	<u>\$ 7,715,285</u>

CONCORD SECURITIES CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014 (In Thousands of New Taiwan Dollars)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	\$ 235,759	\$ 90,439
Adjustments for:		
Depreciation	42,491	51,824
Amortization	12,845	16,046
Reversal of bad debt expense	(1,164)	(221)
Net (gain) loss on fair value changes of financial assets and liabilities at fair value through profit or loss	(2,258)	121,824
Finance costs	123,479	129,295
Interest income	(585,699)	(668,846)
Dividend income	(74,825)	(68,755)
Share of (profit) loss of subsidiaries and associates	(28,508)	19,990
Loss on disposal of property and equipment	358	234
Loss on disposal of intangible assets	-	1,034
Loss (gain) on disposal of investment	11,281	(27,555)
Impairment loss on financial assets	2,110	2,397
Reversal of impairment loss on non-financial assets	(13,042)	-
Other items	2,230	(14,478)
Changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	299,217	(5,465,142)
Bond investments under resale agreements	1,382,949	(946,716)
Margin loans receivable	1,454,492	(584,044)
Refinancing margin	(10,832)	(4,000)
Refinancing collateral receivable	(8,594)	(3,211)
Security borrowing collateral price	130,328	(128,747)
Security borrowing margin	108,885	(115,941)
Notes receivable	244	(66)
Accounts receivable	1,434,487	1,122,213
Prepayments	(5,976)	9,022
Other receivables	(316)	4,826
Other financial assets	91,900	5,100
Other current assets	(188,187)	208,488
Liabilities for bonds with repurchase agreements	309,420	4,008,560
Financial liabilities at fair value through profit or loss	(1,204,295)	751,459
Securities financing refundable deposits	(187,858)	176,553
Deposits payable for securities financing	(313,907)	126,854
Accounts payable	(1,657,865)	(268,148)
Other payables	27,222	36,254
Accrued pension liabilities	(157)	3,576
Provisions	(646)	1,483
Other current liabilities	230,036	(90,477)
Cash generated from (used in) operations	1,615,604	(1,498,876)
Interest received	608,364	618,170
Dividend received	63,432	65,975
Interest paid	(123,538)	(129,702)

(Continued)

CONCORD SECURITIES CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014 (In Thousands of New Taiwan Dollars)

	2015	2014
Income tax paid	<u>(7,646)</u>	<u>(37,612)</u>
Net cash generated from (used in) operating activities	<u>2,156,216</u>	<u>(982,045)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of available-for-sale financial assets	(96,143)	(367,995)
Disposal of available-for-sale financial assets	73,115	115,882
Purchase of financial assets measured at cost	(47,600)	(15,000)
Disposal of financial assets measured at cost	-	6,244
Acquisition of stock investments measured by equity method	-	(150,625)
Acquisition of property and equipment	(33,243)	(19,087)
Proceeds from disposal of property and equipment	3	379
Decrease in operating deposits	115,000	25,000
Decrease (increase) in clearing and settlement fund	3,667	(353)
(Increase) decrease in refundable deposits	(130)	1,674
Acquisition of intangible assets	(14,599)	(8,560)
Decrease (increase) in other non-current assets	2,125	(1,522)
Dividend received	62,707	41,186
Other investing activities items	<u>-</u>	<u>14,300</u>
Net cash generated from (used in) investing activities	<u>64,902</u>	<u>(358,477)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) increase in short-term borrowings	(147,000)	417,000
(Decrease) increase in commercial paper payable	(1,808,000)	898,000
Increase in other liability - refundable deposits	866	620
Purchase of treasury stock	<u>(94,295)</u>	<u>(170,856)</u>
Net cash generated from (used in) financing activities	<u>(2,048,429)</u>	<u>1,144,764</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
	<u>2,679</u>	<u>3,229</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	175,368	(192,529)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>140,121</u>	<u>332,650</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 315,489</u>	<u>\$ 140,121</u>

(Concluded)

) CONCORD SECURITIES CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

ASSETS	2015		2014	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents	\$ 1,393,539	4	\$ 1,118,947	3
Financial assets at fair value through profit or loss - current	16,589,139	49	16,813,652	43
Available-for-sale financial assets - current	316,262	1	279,073	1
Bond investments under resale agreements	1,383,865	4	2,766,814	7
Margin loans receivable	4,319,499	13	5,772,375	15
Refinancing margin	20,941	-	10,109	-
Refinancing collateral receivable	17,994	-	9,400	-
Customers' margin accounts	2,949,385	9	2,916,976	8
Futures trading margin receivables	225	-	525	-
Security borrowing collateral price	111,528	-	241,856	1
Security borrowing margin	110,950	-	219,835	1
Notes and accounts receivable	2,091,633	6	3,672,686	9
Prepayments	17,324	-	19,714	-
Other receivables	14,761	-	13,650	-
Other financial assets - current	547,937	2	829,295	2
Current tax assets	34,660	-	39,904	-
Restricted assets - current	621,500	2	635,200	2
Other current assets	210,087	1	4,908	-
Total current assets	<u>30,751,229</u>	<u>91</u>	<u>35,364,919</u>	<u>92</u>
NON-CURRENT ASSETS				
Financial assets measured at cost - non-current	182,217	-	40,656	-
Available-for-sale financial assets - non-current	-	-	120,267	-
Investments accounted for using equity method	498,604	1	479,122	1
Property and equipment	1,213,364	4	1,193,453	3
Investment properties	219,360	1	240,465	1
Intangible assets	71,752	-	69,695	-
Deferred tax assets	81,023	-	69,171	-
Other non-current assets	930,900	3	1,040,959	3
Total non-current assets	<u>3,197,220</u>	<u>9</u>	<u>3,253,788</u>	<u>8</u>
TOTAL	<u>\$ 33,948,449</u>	<u>100</u>	<u>\$ 38,618,707</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings	\$ 350,000	1	\$ 497,000	1
Commercial paper payable	3,173,298	9	4,979,068	13
Financial liabilities at fair value through profit or loss - current	1,081,394	3	2,328,410	6
Liabilities for bonds with repurchase agreements	13,583,410	40	13,273,990	34
Securities financing refundable deposits	394,820	1	582,678	1
Deposits payable for securities financing	435,252	1	749,159	2
Futures traders' equity	2,947,691	9	2,967,913	8
Accounts payable	3,279,685	10	4,959,794	13
Other payables	349,099	1	305,293	1
Current tax liabilities	8,868	-	3,004	-
Provisions - current	22,139	-	22,341	-
Other current liabilities	263,239	1	34,253	-
Total current liabilities	<u>25,888,895</u>	<u>76</u>	<u>30,702,903</u>	<u>79</u>
NON-CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss - non-current	93,401	-	4,039	-
Provisions - non-current	14,677	-	14,677	-
Deferred tax liabilities	5,333	-	4,599	-
Other liability - refundable deposits	2,054	-	1,260	-
Accrued pension liabilities - non-current	184,575	1	184,819	1
Total non-current liabilities	<u>300,040</u>	<u>1</u>	<u>209,394</u>	<u>1</u>
Total liabilities	<u>26,188,935</u>	<u>77</u>	<u>30,912,297</u>	<u>80</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION				
Share capital	6,883,368	20	6,883,368	18
Capital surplus	17,761	-	17,761	-
Retained earnings				
Legal reserve	8,355	-	1,686	-
Special reserve	859,768	3	848,434	2
Unappropriated earnings	286,346	1	66,690	-
Total retained earnings	<u>1,154,469</u>	<u>4</u>	<u>916,810</u>	<u>2</u>
Other equity	(75,162)	-	16,811	-
Treasury stock	(265,151)	(1)	(170,856)	-
Total equity attributable to owners of the Corporation	7,715,285	23	7,663,894	20
NON-CONTROLLING INTERESTS	44,229	-	42,516	-
Total equity	<u>7,759,514</u>	<u>23</u>	<u>7,706,410</u>	<u>20</u>
TOTAL	<u>\$ 33,948,449</u>	<u>100</u>	<u>\$ 38,618,707</u>	<u>100</u>

(With Deloitte & Touche auditors' report dated March 17, 2016)

CONCORD SECURITIES CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2015		2014	
	Amount	%	Amount	%
NET OPERATING GAIN (LOSS)				
REVENUES				
Brokerage commission revenue	\$ 1,227,737	50	\$ 1,328,763	57
Income from securities lending	708	-	1,596	-
Underwriting commissions	71,734	3	71,697	3
Gains on sale of securities, net	191,925	8	171,845	7
Revenue from providing agency service for stock affairs	12,821	-	11,913	-
Interest income	577,012	24	663,198	29
Dividend income	64,767	3	65,715	3
Valuation gains (losses) on operating securities at fair value through profit or loss, net	47,875	2	(109,028)	(5)
Losses on covering of borrowed securities and bonds with resale agreements, net	(45,617)	(2)	(14,431)	(1)
Valuation gain (losses) on borrowed securities and bonds with resale agreements, net	9,657	-	(8,755)	-
Gains on issuance of stock warrants, net	39,682	2	22,607	1
Gains on derivative instruments - futures, net	145,441	6	60,455	3
Gain (losses) on derivative instruments - OTC, net	32,546	1	(3,161)	-
Other operating income	71,519	3	61,158	3
Total revenues	<u>2,447,807</u>	<u>100</u>	<u>2,323,572</u>	<u>100</u>
EXPENSES				
Handling fee expenses	(193,379)	(8)	(169,824)	(7)
Finance costs	(124,486)	(5)	(130,024)	(6)
Futures commission expense	(58,160)	(2)	(76,877)	(3)
Securities commission expense	(24,390)	(1)	(10,148)	-
Expenses of clearing and settlement	(101,292)	(4)	(81,153)	(3)
Other operating costs	(19,837)	(1)	(18,992)	(1)
Employee benefits expense	(1,159,119)	(47)	(1,184,922)	(51)
Depreciation and amortization	(74,985)	(3)	(90,052)	(4)
Other operating expenses	<u>(585,195)</u>	<u>(24)</u>	<u>(594,384)</u>	<u>(26)</u>
NET OPERATING GAIN (LOSS)	<u>106,964</u>	<u>5</u>	<u>(32,804)</u>	<u>(1)</u>
SHARE OF PROFIT OR LOSS OF ASSOCIATES	20,493	1	(21,505)	(1)
OTHER INCOME AND EXPENSES	<u>130,890</u>	<u>5</u>	<u>162,139</u>	<u>7</u>
PROFIT BEFORE TAX	258,347	11	107,830	5
INCOME TAX EXPENSE	<u>(18,094)</u>	<u>(1)</u>	<u>(33,607)</u>	<u>(2)</u>

(Continued)

CONCORD SECURITIES CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2015		2014	
	Amount	%	Amount	%
NET PROFIT FOR THE YEAR	<u>240,253</u>	<u>10</u>	<u>74,223</u>	<u>3</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	1,465	-	(4,911)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>(47)</u>	<u>-</u>	<u>662</u>	<u>-</u>
	<u>1,418</u>	<u>-</u>	<u>(4,249)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	17,590	1	29,325	1
Unrealized losses on available-for-sale financial assets	(106,106)	(5)	(6,744)	-
Share of the other comprehensive income (loss) of associates	(1,011)	-	669	-
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>(2,446)</u>	<u>-</u>	<u>(4,436)</u>	<u>-</u>
	<u>(91,973)</u>	<u>(4)</u>	<u>18,814</u>	<u>1</u>
Other comprehensive income (loss), net	<u>(90,555)</u>	<u>(4)</u>	<u>14,565</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 149,698</u>	<u>6</u>	<u>\$ 88,788</u>	<u>4</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Corporation	<u>\$ 236,221</u>	<u>10</u>	<u>\$ 70,954</u>	<u>3</u>
Non-controlling interests	<u>\$ 4,032</u>	<u>-</u>	<u>\$ 3,269</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	<u>\$ 145,686</u>	<u>6</u>	<u>\$ 85,504</u>	<u>4</u>
Non-controlling interests	<u>\$ 4,012</u>	<u>-</u>	<u>\$ 3,284</u>	<u>-</u>
EARNINGS PER SHARE				
Basic	<u>\$0.35</u>		<u>\$0.10</u>	
Diluted	<u>\$0.35</u>		<u>\$0.10</u>	

(With Deloitte & Touche auditors' report dated March 17, 2016)

(Concluded)

CONCORD SECURITIES CO., LTD. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of the Corporation										Total Equity	
	Share Capital	Capital Surplus	Retained Earnings			Other Equity			Treasury Stock	Total		Non-controlling Interests
			Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficits)	Exchange Differences on Translating Foreign Operations	Unrealized Gains (Losses) on Available-for-sale Financial Assets					
BALANCE AT JANUARY 1, 2014	\$ 6,883,368	\$ 17,761	\$ 1,686	\$ 892,140	\$ (43,706)	\$ (5,653)	\$ 3,650	\$ -	\$ 7,749,246	\$ 40,940	\$ 7,790,186	
Appropriation of 2013 earnings												
Offset of accumulated deficits by special reserve	-	-	-	(27,927)	27,927	-	-	-	-	-	-	
Reversal of special reserve	-	-	-	(15,779)	15,779	-	-	-	-	-	-	
Net profit for the year ended December 31, 2014	-	-	-	-	70,954	-	-	-	70,954	3,269	74,223	
Other comprehensive income (loss) for the year ended December 31, 2014, net of income tax	-	-	-	-	(4,264)	24,889	(6,075)	-	14,550	15	14,565	
Purchase of treasury stock	-	-	-	-	-	-	-	(170,856)	(170,856)	-	(170,856)	
Change in non-controlling interest	-	-	-	-	-	-	-	-	-	(1,708)	(1,708)	
BALANCE AT DECEMBER 31, 2014	6,883,368	17,761	1,686	848,434	66,690	19,236	(2,425)	(170,856)	7,663,894	42,516	7,706,410	
Appropriation of 2014 earnings												
Legal reserve	-	-	6,669	-	(6,669)	-	-	-	-	-	-	
Special reserve	-	-	-	13,338	(13,338)	-	-	-	-	-	-	
Reversal of special reserve	-	-	-	(2,004)	2,004	-	-	-	-	-	-	
Net profit for the year ended December 31, 2015	-	-	-	-	236,221	-	-	-	236,221	4,032	240,253	
Other comprehensive income (loss) for the year ended December 31, 2015, net of income tax	-	-	-	-	1,438	15,144	(107,117)	-	(90,535)	(20)	(90,555)	
Purchase of treasury stock	-	-	-	-	-	-	-	(94,295)	(94,295)	-	(94,295)	
Change in non-controlling interest	-	-	-	-	-	-	-	-	-	(2,299)	(2,299)	
BALANCE AT DECEMBER 31, 2015	<u>\$ 6,883,368</u>	<u>\$ 17,761</u>	<u>\$ 8,355</u>	<u>\$ 859,768</u>	<u>\$ 286,346</u>	<u>\$ 34,380</u>	<u>\$ (109,542)</u>	<u>\$ (265,151)</u>	<u>\$ 7,715,285</u>	<u>\$ 44,229</u>	<u>\$ 7,759,514</u>	

(With Deloitte & Touche auditors' report dated March 17, 2016)

CONCORD SECURITIES CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014 (In Thousands of New Taiwan Dollars)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	\$ 258,347	\$ 107,830
Adjustments for:		
Depreciation	52,393	64,177
Amortization	22,592	25,875
(Reversal of) bad debt expense	(1,164)	1,621
Net loss on fair value changes on financial assets and liabilities at fair value through profit or loss	3,846	121,913
Finance costs	124,486	130,024
Interest income	(624,256)	(713,931)
Dividend income	(138,707)	(77,224)
Share of (profit) loss of associates	(20,493)	21,505
Loss on disposal of property and equipment	358	234
Loss on disposal of intangible assets	-	1,034
Loss (gain) on disposal of investment	90,651	(30,192)
Impairment loss on financial assets	2,110	2,397
(Reversal of) impairment loss on non-financial assets	(13,042)	4,304
Other items	2,230	(14,478)
Changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	220,955	(5,510,887)
Bond investments under resale agreements	1,382,949	(946,716)
Margin loans receivable	1,454,492	(584,044)
Refinancing margin	(10,832)	(4,000)
Refinancing collateral receivable	(8,594)	(3,211)
Customers' margin accounts	(32,409)	651,535
Futures trading margin receivables	300	300
Security borrowing collateral price	130,328	(128,747)
Security borrowing margin	108,885	(115,941)
Notes receivable	244	(66)
Accounts receivable	1,559,146	835,043
Prepayments	2,452	8,435
Other receivables	(1,283)	19,487
Other financial assets	281,358	69,682
Other current assets	(191,479)	212,809
Liabilities for bonds with repurchase agreements	309,420	4,008,560
Financial liabilities at fair value through profit or loss	(1,203,103)	752,574
Securities financing refundable deposits	(187,858)	176,553
Deposits payable for securities financing	(313,907)	126,854
Futures traders' equity	(20,222)	(571,535)
Accounts payable	(1,679,997)	(456,579)
Other payables	43,826	40,836
Accrued pension liabilities	1,221	4,021
Provisions	(202)	2,516
Other current liabilities	228,986	(90,282)
Cash generated from (used in) operations	1,834,027	(1,857,714)

(Continued)

CONCORD SECURITIES CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014 (In Thousands of New Taiwan Dollars)

	2015	2014
Interest received	646,974	655,625
Dividend received	63,432	73,947
Interest paid	(124,618)	(130,352)
Income tax paid	<u>(20,656)</u>	<u>(54,062)</u>
Net cash generated from (used in) operating activities	<u>2,399,159</u>	<u>(1,312,556)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of available-for-sale financial assets	(96,143)	(367,995)
Disposal of available-for-sale financial assets	73,115	115,882
Purchase of financial assets measured at cost	(189,161)	(15,000)
Disposal of financial assets measured at cost	-	6,244
Acquisition of property and equipment	(37,991)	(21,963)
Proceeds from disposal of property and equipment	3	399
Decrease in operating deposits	96,341	23,805
Decrease (increase) in clearing and settlement fund	10,099	(1,463)
(Increase) decrease in refundable deposits	(317)	1,214
Acquisition of intangible assets	(22,801)	(16,992)
Decrease (increase) in other non-current assets	2,244	(692)
Dividend received	73,940	3,040
Other investing activities items	<u>-</u>	<u>14,300</u>
Net cash used in investing activities	<u>(90,671)</u>	<u>(259,221)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) increase in short-term borrowings	(147,000)	417,000
(Decrease) increase in commercial paper payable	(1,808,000)	898,000
Increase in other liability - refundable deposits	794	620
Purchase of treasury stock	(94,295)	(170,856)
Change in non-controlling interests	<u>(2,299)</u>	<u>(1,708)</u>
Net cash generated from (used in) financing activities	<u>(2,050,800)</u>	<u>1,143,056</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
	<u>16,904</u>	<u>28,676</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	274,592	(400,045)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		
	<u>1,118,947</u>	<u>1,518,992</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
	<u>\$ 1,393,539</u>	<u>\$ 1,118,947</u>

(With Deloitte & Touche auditors' report dated March 17, 2016)

(Concluded)

6. Articles of Incorporation

Chapter One General Provisions

- Article 1 The Company shall be incorporated as a company limited by shares under *The Company Act* and its name shall be “Concord Securities Co., Ltd.”(hereinafter referred to as the “Company”).
- Article 2 The scope of business of the Company shall be as follows:
- I. H301011 Securities merchant .
 - II. H408011 Futures introducing broker.
 - III. H401011 Futures commission merchants (business is limited by the approval of the competent authorities) .
- Article 2-1 The Company shall engage in the following business activities::
- I. To accept orders to trade securities on the centralized securities exchange market.
 - II. To trade securities on its own account on the centralized securities exchange market.
 - III. To underwrite securities.
 - IV. To accept orders to trade securities at its own business location.
 - V. To trade securities on its own account at its own business location.
 - VI. To act as an agent in stock and equity-related affairs.
 - VII. To take charge of securities margin-purchase and short-sale business.
 - VIII. To engage in securities-related futures brokerage and services.
 - IX. To accept orders to trade foreign securities.
 - X. To engage in securities-related futures proprietary trading.
 - XI. To engage in other business which is approved by the competent authority.
- Article 3 The head office of the Company is established in Taipei and may, subject to business requirement with the resolution of the Board of Directors and the approval of competent authority, set up branch office(s) in/outside Taiwan.

Article 4 (Deleted)

Chapter Two Shares

- Article 5 The total authorized capital of the Company shall be NT\$15 billion, divided into 1500 million shares with a par value of NT\$10 each, to be issued by installments, of which 200 million shares shall be reserved for convertible bonds, company warrants and/or exercising options.
- Article 5-1 The Company may, with the resolution of the most recent shareholders’ meeting which is attended by shareholders holding at least 50% of the issued capital stock and resolved by more than two-thirds of the voting rights by shareholders attending the meeting, transfer the treasury shares to its employees at a price lower than the average repurchased price.
- Article 5-2 The Company may, with the resolution of a shareholders’ meeting which is attended by

shareholders holding at least 50% of the issued capital stock and resolved by more than two-thirds of the voting rights by shareholders attending the meeting, issue employee stock options to its employees at a price below the market price and by installments within one year of the said shareholders' meeting.

- Article 6 Share certificates of the Company shall only be issued if they bear the names of the shareholders, be signed by or affixed with the personal seals of three or more Directors of the Company, and be duly signed and authenticated by the regulatory authority or a share registry endorsed by the regulatory authority. The Company may deliver shares by wiring into account books pursuant to relevant regulations rather than printing physical shares. When issuing other forms of securities, the same rule also applies.
- Article 7 The Company's stock affairs shall be governed by *Regulations Governing the Administration of Shareholder Services of Public Companies*.
- Article 8 (Deleted)
- Article 9 (Deleted)
- Article 10 (Deleted)
- Article 11 Registration of share transfers shall be suspended in the following circumstances: for a 60-day period prior to an annual meeting of the shareholders; for a 30-day period prior to a special meeting of the shareholders; and for a 5-day period prior to the record date for distribution of dividend, bonuses or other benefits.
- Chapter Three Shareholders' Meetings**
- Article 12 Shareholders' meetings of the Company are of two types, namely: (1) annual meetings and (2) special meetings. Annual meetings shall be convened, by the Board of Directors, within six (6) months after the close of each fiscal year. Special meetings shall be convened at such time as necessary in accordance with the relevant laws, rules and regulations.
- Article 13 If a shareholder is unable to attend a meeting, he or she may appoint a proxy to attend and vote on behalf of the shareholder at the shareholders' meeting by completing and submitting to the Company, a form prescribed by the Company stating the scope of authorization. All proxy appointments must comply with Article 177 of The Company Act and Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies.
- Article 14 Except where other legal requirements apply, shareholders of the Company shall be entitled to one vote for each share held at the shareholders' meeting.
- Article 15 Unless otherwise required by *The Company Act*, all resolutions of a shareholders' meeting of the Company shall be passed at a meeting attended by shareholders holding at least 50% of the issued capital stock and resolved by more than 50% of the shareholders attending the meeting.
- Chapter Four Directors and the board of directors**
- Article 16 The Company shall have 11 to 25 Directors. The number of independent directors shall be no less than three and shall represent no less than one fifth of the total number of

directors. Directors shall be persons with legal capacity and shall be elected and appointed by the shareholders at a shareholders' meeting. The total percentage of shareholdings by all Directors must comply with the relevant rules and regulations. The election of directors (including independent directors) shall make use of a candidate nomination system pursuant to the provisions of Article 192-1 of the Company Act. The receipt, announcement etc. of nominations for directorship candidates shall be handled in accordance with the relevant rules and regulations prescribed by the securities governing authorities.

- Article 17 The tenure of offices for Directors shall be three years and the Directors shall be eligible for re-election and re-appointment.
- Article 18 Where vacancies of the Board of Directors exceed one-third of the total number of the Directors or all the independent directors are dismissed, the Board shall convene a special shareholders' meeting within 60 days to elect new Directors to fill the vacancies until the incumbent term expires. With respect to a director appointed by a corporate shareholder or its representative, the corporate shareholder may re-appoint its representative at any time due to a change in official functions and duties of the original representative until the incumbent term expires.
- Article 19 The Board shall be formed by the directors. A Chairman and a Vice Chairman shall be elected from the Directors by a majority vote of the Directors at a Board meeting attended by at least two thirds of all the Directors. The Chairman shall have the right to execute the resolutions of the Board of Directors and the shareholders' meeting. The Chairman of the Board shall chair all shareholders' and directors' meetings internally and represent the Company externally.
- Article 19-1 The resolutions of the Board, unless otherwise required by *The Company Act*, shall be resolved by a simple majority of the Directors at a Board meeting attended by at least 50% of all the Directors. If any director or a juristic person represented by a director is an interested party with respect to any agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. If the Board meeting is held in the form of a video conference, participation via video conference is deemed as participation in person.
- Article 19-2 Board meetings shall be convened in accordance with The Company Act. The notice of the Board meetings may be made and delivered by writing, email or facsimile to the Directors.
- Article 19-3 The Company shall establish an Audit Committee pursuant to the provisions of Article 14-4 of the Securities and Exchange Act. The Audit Committee and its members shall fulfill their supervisory duties pursuant to the relevant provisions of the Company Act, the Securities and Exchange Act, and other relevant laws and regulations. The number and tenure of office of audit committee members, powers of the audit committee, rules of procedure for meetings of the audit committee shall be defined in an audit committee charter in accordance with Regulations Governing the Exercise of Powers by Audit Committees of Public Companies.

Article 20 When the Chairman of the Board is on leave or unable to perform his duties, the designation proxy shall be made in accordance with Article 208 of *The Company Act*. When a director is unable to attend the Board Meeting, the designation proxy shall be made in accordance with Article 205 of *The Company Act*.

Article 21 The Board is authorized to determine the remuneration of the Directors of the Company (including independent directors) according to individual degrees of participation and value of contribution in business operation of the Company, as well as levels of remuneration generally adopted in the industry.

Article 21-1 The Company may purchase liability insurance for Directors to cover legal obligations and liabilities arisen from performing their duties during their terms of occupancy.

Chapter Five Managerial Officers

Article 22 The Company shall have one President, several Vice Presidents, Assistant Vice Presidents and Managers pursuant to Article 29 of *The Company Act*.

Chapter Six Accounting

Article 23 The fiscal year for The Company must start on January 1st of each year and end on December 31st of the same year.

Article 24 After the close of each fiscal year, The Board shall prepare the following financial statements and documents:

- I. Business report
- II. Financial statements
- III. Proposal of allocation of profit or covering of losses.

Article 25 The profits of the Company in each fiscal year shall first be applied to payments of taxes, recovery of past losses, and company reserve in accordance with the relevant rules and regulations as follows:

- I. 10% of the profits as the legal reserve
- II. 20% of the profits as the special surplus reserve (where this reserve equals to or exceeds the paid-in capital of the Company, the Company may discontinue appropriate of profit to this reserve).

Any remaining profit shall be accumulated to the previous year's retained earnings and may collectively be used as distributable profits.

After deduction by the Board for operation necessities, distributable profits shall be allocated in accordance with the following proposal and submitted for approval at a shareholders' meeting:

- I. Remuneration of Directors not exceeding 5% of the balance;
- II. Employee bonuses in the sum of 1 to 2% of the balance;

Given the Company is in the securities industry, which is a volatile industry environment, and in its growth stage that still needs plenty of capital to assure competitiveness and development of business, the Company shall determine the optimal dividend policy by taking into account its current profitability and future working capital needs, and this includes appropriate use of cash dividend.

When the Company prepares a proposal for allocation of distributable profit, the following principles shall be considered: for distributed dividend, no less than 50% of net profits after tax in the current year; and for stock dividend, no less than 80% of proposed distributed dividend in the current year.

Chapter Seven Bylaws

Article 26 Matters not specifically provided for in these Articles of Incorporation shall be governed by *The Company Act, The Securities and Exchange Act* and other relevant legislations.

Article 27 These Articles of Incorporation were enacted on October 7th, 1990, and were amended on June 20th, 1991, as the 1st amendment; on November 17th, 1992, as the 2nd amendment; on March 30th, 1995, as the 3rd amendment; on May 22, 1997, as the 4th amendment; on April 24th, 1998, as the 5th amendment; on May 15th, 1999, as the 6th amendment; on June 29th, 2000, as the 7th amendment; on December 12th, 2000, as the 8th amendment; on May 31st, 2002, as the 9th amendment; on May 30th, 2003, as the 10th amendment; on May 27th, 2004, as the 11th amendment; on June 17th, 2005, as the 12th amendment; on June 9th, 2006, as the 13th amendment; on June 15th, 2007, as the 14th amendment; on June 13th, 2008, as the 15th amendment; on June 15th, 2010, as the 16th amendment and on June 22th, 2012, as the 17th amendment, and on June 20th, 2014, as the 18th amendment, and on June 12th, 2015, as the 19th amendment.

7. Rules of Procedure for Shareholders Meeting

- Article 1 To establish a strong governance system and sound supervisory capabilities for this Corporation's shareholders meetings, and to strengthen management capabilities, these Rules are adopted pursuant to Article 5 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.
- Article 2 The rules of procedures for this Corporation's shareholders meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.
- Article 3 Unless otherwise provided by law or regulation, this Corporation's shareholders meetings shall be convened by the board of directors.
- This Corporation shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors or supervisors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. This Corporation shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, this Corporation shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at this Corporation and the professional shareholder services agent it entrusted as well as being distributed on-site at the meeting place.
- Election or dismissal of directors , amendments to the articles of incorporation, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act or Article 56-1 and Article 60-2 Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.
- A shareholder holding 1 percent or more of the total number of issued shares may submit to this Corporation a written proposal for discussion at a regular shareholders meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.
- Prior to the book closure date before a regular shareholders meeting is held, this Corporation shall publicly announce that it will receive shareholder proposals, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.
- Shareholder-submitted proposals are limited to 300 words, and no proposal containing

more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal.

Prior to the date for issuance of notice of a shareholders meeting, this Corporation shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda

Article 4

For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by this Corporation and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to this Corporation before 5 days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

After a proxy form has been delivered to this Corporation, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronic means, a written notice of proxy cancellation shall be submitted to this Corporation before 2 business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Article 5

The venue for a shareholders meeting shall be the premises of this Corporation, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

Article 6

This Corporation shall specify in its shareholders meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations. Shareholders and their proxies (collectively, "shareholders") shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. Solicitors soliciting proxy forms shall also bring identification documents for verification. This Corporation shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

This Corporation shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors or supervisors, pre-printed ballots shall also be furnished.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

Article 7

If a shareholders' meeting is called by the board of directors, the board chairman shall preside at the said shareholders' meeting. In case the chairman is on leave of absence, or cannot exercise his powers and authority, an agent acting on his behalf shall be appointed according to the regulations in the Company Act. It is advisable that shareholders meetings convened by the board of directors be attended by a majority of the directors.

When a managing director or a director serves as chair, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the company. The same shall be true for a representative of a juristic person director that serves as chair.

If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

This Corporation may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.

Article 8

This Corporation, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures. The recorded materials of the preceding paragraph shall be retained for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Article 9

Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within 1 month.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a

vote by the shareholders meeting pursuant to Article 174 of the Company Act.

Article 10

If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the board of directors. The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the attending shareholders may elect a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.

Article 11

Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.

After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

Article 12

Voting at a shareholders meeting shall be calculated based the number of shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of this Corporation, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending

shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3 percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

Article 13

A shareholder shall be entitled to one vote for each share held, except where other legal requirements apply.

When this Corporation holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting. It is therefore advisable that this Corporation avoid the submission of extraordinary motions and amendments to original proposals.

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to this Corporation before 2 days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person, a declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to this Corporation, by the same means by which the voting rights were exercised, before 2 business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Except as otherwise provided in the Company Act and in this Corporation's Articles of Incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

If no attending shareholder voices an objection following an inquiry by the chair, the proposal will be deemed approved. If there is an objection or abstention, which involves in those exercised by correspondence or electronic means, the proposal shall be brought to a vote.

When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of this Corporation. Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

Article 14 The election of directors or supervisors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Corporation, and the voting results shall be announced on-site immediately, including the names of those elected as directors and supervisors and the numbers of votes with which they were elected.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 15 Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes in accordance with Article 183 of the Company Act.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results, and shall be retained for the duration of the existence of this Corporation.

If no attending shareholder voices an objection following an inquiry by the chair, the proposal will be deemed approved, and the statement “consultation by Chairman without any opposition raised” should be documented in the minutes of meeting. If there is an objection, the meeting minutes shall record the method of voting adopted therefore and the total number of votes for the proposal.

Article 16 On the day of a shareholders meeting, this Corporation shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting.

If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taipei Exchange (or GreTai Securities Market) regulations, this Corporation shall upload the content of such resolution to the

MOPS within the prescribed time period..

Article 17 Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.

The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by this Corporation, the chair may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 18 When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.

Article 19 These Rules, and any amendments hereto, shall be implemented after adoption by shareholders meetings.

Article 20 These Rules, and any amendments hereto, shall be implemented after adoption by shareholders meetings. These Rules of Procedure for Shareholders Meeting were enacted on June 13th, 2008, and were amended on June 15th, 2011, as the 1st amendment; on June 22th, 2012, as the 2nd amendment; on June 14th, 2013, as the 3rd amendment; on June 20, 2014, as the 4th amendment; on June 12, 2015, as the 5th amendment.