

YUANTA FUTURES CO., LTD.

PARENT COMPANY ONLY FINANCIAL STATEMENTS

AND INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2020 AND 2019

For the convenience of readers and for information purpose only, the 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. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR20000368

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

Opinion

We have audited the accompanying parent company only balance sheets of Yuanta Futures Co., Ltd. (the "Company") as at December 31, 2020 and 2019, and the parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of Yuanta Futures Co., Ltd. as at December 31, 2020 and 2019, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants and Regulation Governing the Preparation of Financial Reports by Securities Firms.

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. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the parent company only financial statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountants in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 judgement, were of most significance in our audit of the parent company only financial statements for the current period. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's parent company only financial statements of the current period are stated as follows:

Fair value measurement of valuation of the unlisted stocks without active market**Description**

For the accounting policy of the unlisted stocks without active market (accounted under financial assets at fair value through other comprehensive income), please refer to Note 4(7); for critical accounting estimates and assumption uncertainty of the fair value of unlisted stocks, please refer to Note 5(2); for the details on unlisted stocks, please refer to Note 6(5). The carrying amount of financial assets at fair value through other comprehensive income – unlisted stocks as at December 31, 2020 was NTD 1,514,827 thousand.

Because there are no active market quoted prices for financial assets at fair value through other comprehensive income - unlisted stocks held by Yuanta Futures Co., Ltd., the management uses valuation techniques to estimate the fair value. The valuation techniques used by Yuanta Futures Co., Ltd. are primarily the market method. The market method involves certain assumptions and significant inputs that are not based on observable market data, including the selected valuation methods, the determination of similar and comparable companies, price to earnings ratio and discount of marketability, etc. The models and parameters used in valuation techniques are based on management's professional judgments and estimates, and such accounting judgments and estimates are highly uncertain. Thus, we have included the fair value valuation of unlisted stocks as a key audit matter in our audit for the year ended December 31, 2020.

How our audit addressed the key audit matter

In response to specific aspects of the above-mentioned key audit matter, we made use of experts to assist the evaluation of the reasonableness of valuation information used by the management, and conducted the following procedures:

1. Obtained an understanding and evaluated the policy and valuation process relevant to the fair value measurement of the unlisted stocks without active market.
2. Evaluated whether the valuation methods used by the management were commonly used.
3. Evaluated the reasonableness of the selection of comparable companies by the management.
4. Sample tested the price to earnings ratio and the inputs of discount of marketability used in the valuation methods, and reviewed relevant information and supporting evidence.

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

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

In preparing the parent company only financial statements, management is responsible for assessing the ability of the Company 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 the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the financial reporting process of the Company.

Auditors' responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 the generally accepted auditing standards in the Republic of China 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 parent company only financial statements.

As part of an audit in accordance with the generally accepted auditing standards in the Republic of China, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only 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 the internal control of the Company.
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 ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only 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 the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the parent company only 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 of the Company that were of most significance in the audit of the parent company only financial statements of the current period and are therefore the key audit matter. We describe these matters in our auditors' 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.

Lo, Chiao-Sen

Lee, Hsiu-Ling

For and on behalf of PricewaterhouseCoopers, Taiwan

March 18, 2021

The accompanying parent company only 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 parent company only financial statements and independent auditors' report 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.

YUANTA FUTURES CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2020		December 31, 2019	
			AMOUNT	%	AMOUNT	%
Current assets						
111100	Cash and cash equivalents	6(1) and 7	\$ 6,195,959	6	\$ 4,057,360	6
112000	Financial assets at fair value through profit or loss - current	6(2), 7 and 11	860,190	1	252,693	-
113200	Financial assets at fair value through other comprehensive income - current	6(5)	655,432	1	581,447	1
114070	Margin deposits	6(3) and 7	82,809,012	87	63,603,276	87
114100	Security lending deposits		169,187	-	45,844	-
114130	Accounts receivable		199,609	-	55,995	-
114140	Accounts receivable - related parties	7	3,569	-	2,377	-
114150	Prepayments		5,234	-	5,721	-
114170	Other receivables		18,975	-	30,197	-
114180	Other receivables - related parties	7	3,876	-	4,464	-
114300	Leverage margin contract trading client margin deposits	7	294,448	-	258,250	-
114600	Current income tax assets		341	-	341	-
119000	Other current assets		23	-	18	-
110000	Subtotal current assets		91,215,855	95	68,897,983	94
Non-current assets						
123200	Financial assets at fair value through other comprehensive income - non-current	6(5)	1,618,523	2	1,518,539	2
124100	Investments accounted for under the equity method	6(6)	1,207,101	1	1,275,264	2
125000	Property and equipment	6(9)	607,595	1	581,807	1
125800	Right-of-use assets	6(10) and 7	190,744	-	31,497	-
127000	Intangible assets	6(11)	42,137	-	40,752	-
128000	Deferred income tax assets	6(30)	43,647	-	25,074	-
129010	Operating guarantee deposits	6(7) and 7	140,000	-	140,000	-
129020	Clearing and settlement funds	6(8)	548,092	1	535,686	1
129030	Refundable deposits	7	40,456	-	34,474	-
129130	Prepayment for equipment		73,982	-	66,503	-
129990	Other non-current assets - Other		8,417	-	2,086	-
120000	Subtotal non-current assets		4,520,694	5	4,251,682	6
906001	Total Assets		\$ 95,736,549	100	\$ 73,149,665	100

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YUANTA FUTURES CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

LIABILITIES AND EQUITY		Notes	December 31, 2020		December 31, 2019	
			AMOUNT	%	AMOUNT	%
Current liabilities						
212000	Financial liabilities at fair value through profit or loss - current	6(2) and 11	\$ 220,672	-	\$ 71,277	-
214080	Futures traders' equity	6(3) and 7	82,588,649	87	63,440,289	87
214100	Leverage margin contract transaction traders' equity		243,573	1	225,185	-
214130	Accounts payable		157,911	-	104,614	-
214140	Accounts payable - related parties	7	23,586	-	14,505	-
214160	Collection for third parties		9,614	-	6,277	-
214170	Other payables		241,049	-	242,566	1
214180	Other payables - related parties	7	225	-	1,296	-
214600	Current income tax liabilities		93,913	-	72,463	-
216000	Lease liabilities - current	7	37,795	-	23,246	-
219000	Other current liabilities	6(12)	19,584	-	13,601	-
210000	Subtotal current liabilities		83,636,571	88	64,215,319	88
Non-current liabilities						
226000	Lease liabilities - non-current	7	159,509	-	8,402	-
229000	Other non-current liabilities		81,907	-	69,807	-
	Subtotal non-current liabilities		241,416	-	78,209	-
906003	Total Liabilities		83,877,987	88	64,293,528	88
Capital						
301010	Common stock	6(15)	2,899,763	3	2,322,763	3
	Additional paid-in capital					
302000	Capital surplus	6(16)	3,070,484	3	940,976	1
	Retained earnings					
304010	Legal reserve	6(18)	1,021,010	1	907,430	1
304020	Special reserve	6(17)(18)	2,294,034	3	2,074,901	3
304040	Undistributed earnings	6(18)	1,295,828	1	1,313,798	2
	Other equity					
305000	Other equity interest	6(19)	1,277,443	1	1,296,269	2
906004	Total equity		11,858,562	12	8,856,137	12
906002	Total liabilities and equity		\$ 95,736,549	100	\$ 73,149,665	100

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

YUANTA FUTURES CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

Items			Year ended December 31			
			2020		2019	
			AMOUNT	%	AMOUNT	%
Revenues						
401000	Brokerage	6(20) and 7	\$ 3,484,081	94	\$ 2,567,263	94
410000	Gains on trading of securities	6(2)(21)	35,200	1	9,646	-
421300	Dividend income	6(2) and 7	2,087	-	4,768	-
421500	Gains on valuation of trading securities	6(2)	1,897	-	8,272	-
421600	Losses on covering of borrowed securities and bonds with resale agreements-short sales	6(2)	(3,862)	-	(12,813)	-
421610	Valuation losses on borrowed securities and bonds with resale agreements-short sales at fair value through profit or loss	6(2)	(19,447)	-	(16,273)	(1)
424200	Securities commission revenue	7	7,972	-	3,419	-
424300	Clearance fee from consignment	6(22) and 7	73,190	2	67,101	3
424400	Net gain on derivative financial instruments	6(2)(23)	126,068	3	94,091	4
424900	Futures advisory revenues	7	13,487	-	11,766	-
428000	Other operating revenues	7	853	-	1,391	-
400000	Total revenues		<u>3,721,526</u>	<u>100</u>	<u>2,738,631</u>	<u>100</u>
Costs and expenses						
501000	Brokerage fee	6(24)	(745,408)	(20)	(485,615)	(17)
502000	Dealer handling fee	6(24)	(6,252)	-	(4,562)	-
521200	Interest expense	7	(18,615)	(1)	(80,754)	(3)
425300	Expected credit impairment losses and reversal gains		(34,492)	(1)	2,727	-
524100	Futures commission	6(25) and 7	(641,943)	(17)	(517,071)	(19)
524300	Clearance fee	6(26)	(561,880)	(15)	(380,488)	(14)
528000	Other operating fee		(3,468)	-	(1,204)	-
531000	Employee benefit expense	6(27)(28)	(662,662)	(18)	(622,918)	(23)
532000	Depreciation and amortization	6(27)	(95,531)	(3)	(78,378)	(3)
533000	Other operating expenses	6(27) and 7	(425,980)	(11)	(382,802)	(14)
500000	Total costs and expenses		<u>(3,196,231)</u>	<u>(86)</u>	<u>(2,551,065)</u>	<u>(93)</u>
Operating income			525,295	14	187,566	7
601100	Share of profit or loss of subsidiaries, associates and joint ventures accounted for using the equity method	6(6)	(24,553)	-	14,421	-
602000	Other gains and losses	6(2)(29) and 7	<u>824,838</u>	<u>22</u>	<u>1,208,025</u>	<u>44</u>
902001	Income before income tax		1,325,580	36	1,410,012	51
701000	Income tax expense	6(30)	(255,481)	(7)	(274,213)	(10)
902005	Net income		<u>\$ 1,070,099</u>	<u>29</u>	<u>\$ 1,135,799</u>	<u>41</u>

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YUANTA FUTURES CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

			Year ended December 31			
			2020		2019	
Items	Notes		AMOUNT	%	AMOUNT	%
Other comprehensive income						
Items that will not be reclassified to profit or loss						
805510	Remeasurement of defined benefit obligations	6(13)	(\$ 13,558)	(1)	\$ 4,511	-
805540	Unrealized gain and loss on equity instrument investment measured at fair value through other comprehensive income	6(5)(19)	80,198	2	166,209	6
805599	Income tax related to components of items not to be reclassified	6(19)	2,712	- (	902)	-
Items that may be reclassified to profit or loss subsequently						
805610	Translation loss on the financial statements of foreign operating entities	6(19)	(43,610)	(1)	(19,657)	-
Total other comprehensive income (loss) (net of tax)			25,742	-	150,161	6
Total comprehensive income			\$ 1,095,841	29	\$ 1,285,960	47
Earnings per share (in New Taiwan dollars)						
Basic and diluted earnings per share			\$ 4.23		\$ 4.89	

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

YUANTA FUTURES CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

		Capital surplus			Retained earnings			Other equity interest		
								Unrealized gain and loss on equity instrument investment measured at fair value through other comprehensive income		
	Notes	Common stock	Paid-in capital in excess of par value	Paid-in capital from business merger	Legal reserve	Special reserve	Undistributed earnings	Translation loss on the financial statements of foreign operating entities	Total equity	
For the year ended December 31, 2019										
Balance, January 1, 2019		\$ 2,322,763	\$ 894,643	\$ 46,333	\$ 807,426	\$ 1,875,370	\$ 1,093,522	(\$ 1,718)	\$ 8,220,550	
Net income for the year		-	-	-	-	-	1,135,799	-	1,135,799	
Other comprehensive income (loss) for the year	6(5)(19)	-	-	-	-	-	3,609	(19,657)	150,161	
Total comprehensive income (loss)		-	-	-	-	-	1,139,408	(19,657)	1,285,960	
Appropriations of 2018 earnings:										
Legal reserve		-	-	-	100,004	-	(100,004)	-	-	
Special reserve		-	-	-	-	199,531	(199,531)	-	-	
Cash dividends		-	-	-	-	-	(650,373)	-	(650,373)	
Disposal of equity instrument investment measured at fair value through other comprehensive income	6(5)(19)	-	-	-	-	-	30,776	(30,776)	-	
Balance, December 31, 2019		\$ 2,322,763	\$ 894,643	\$ 46,333	\$ 907,430	\$ 2,074,901	\$ 1,313,798	(\$ 21,375)	\$ 8,856,137	
For the year ended December 31, 2020										
Balance, January 1, 2020		\$ 2,322,763	\$ 894,643	\$ 46,333	\$ 907,430	\$ 2,074,901	\$ 1,313,798	(\$ 21,375)	\$ 8,856,137	
Net income for the year		-	-	-	-	-	1,070,099	-	1,070,099	
Other comprehensive income (loss) for the year	6(5)(19)	-	-	-	-	-	(10,846)	(43,610)	25,742	
Total comprehensive income (loss)		-	-	-	-	-	1,059,253	(43,610)	1,095,841	
Appropriations of 2019 earnings:										
Legal reserve		-	-	-	113,580	-	(113,580)	-	-	
Special reserve		-	-	-	-	219,133	(219,133)	-	-	
Cash dividends		-	-	-	-	-	(799,924)	-	(799,924)	
Issuance of shares	6(15)	577,000	2,085,472	-	-	-	-	-	2,662,472	
Share-based payments	6(14)	-	44,036	-	-	-	-	-	44,036	
Disposal of equity instrument investment measured at fair value through other comprehensive income	6(5)(19)	-	-	-	-	-	55,414	(55,414)	-	
Balance, December 31, 2020		\$ 2,899,763	\$ 3,024,151	\$ 46,333	\$ 1,021,010	\$ 2,294,034	\$ 1,295,828	(\$ 64,985)	\$ 11,858,562	

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

YUANTA FUTURES CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

		For the years ended December 31	
	Notes	2020	2019
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 1,325,580	\$ 1,410,012
Adjustments			
Income and expenses having no effect on cash flows			
Depreciation	6(9)(10)(27)	83,434	68,614
Amortization	6(11)(27)	12,097	9,764
Interest income	6(29)	(694,306)	(1,027,270)
Interest expense		18,615	80,754
Share of profit or loss of subsidiaries, associates and joint ventures accounted for using the equity method	6(6)	24,553	(14,421)
Losses (gains) on disposal of property and equipment	6(9)	259	(92)
Dividend income		(90,094)	(117,934)
Expected credit impairment losses and reversal gains		34,492	(2,727)
Share-based payments	6(14)	44,036	-
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss - current	(	607,497)	(97,855)
Margin deposits	(	19,205,736)	(234,681)
Futures trading margin receivable	(	34,492)	(3,749)
Security lending deposits	(	123,343)	(45,844)
Accounts receivable	(	143,614)	(53,035)
Accounts receivable - related parties	(	1,192)	(1,656)
Prepayments		487	(448)
Other receivables		1,193	(1,213)
Leverage margin contract trading client margin deposits	(	36,198)	(131,400)
Other current assets	(	5)	(5)
Other non-current assets - Other	(	6,331)	(1,655)
Changes in operating liabilities			
Financial liabilities at fair value through profit or loss - current		149,395	51,944
Futures traders' equity		19,148,360	276,528
Leverage margin contract transaction traders' equity		18,388	121,450
Accounts payable		53,297	(19,381)
Accounts payable - related parties		9,081	(4,488)
Collection for third parties		3,337	(815)
Other payables		2,622	45,132
Other payables-related parties	(	969)	(371)
Other current liabilities		5,983	(10,581)
Other non-current liabilities	(	1,457)	(13,395)
Cash (outflow) inflow generated from operations	(	10,025)	(292,744)
Interest received		705,424	1,026,929
Interest paid	(	22,856)	(75,990)
Dividends received		89,593	117,434
Income tax paid	(	249,893)	(349,558)
Net cash flows from operating activities		<u>512,243</u>	<u>1,011,559</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through other comprehensive income	(	1,120,976)	(1,529,345)
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(5)	1,027,205	1,155,112
Acquisition of property and equipment	6(9)	(35,036)	(29,385)
Proceeds from disposal of property and equipment	6(9)	210	382
Increase in intangible assets	6(11)	(2,447)	(1,748)
Increase in clearing and settlement funds	(	12,406)	(42,898)
(Increase) decrease in refundable deposits	(	5,982)	(19)
Increase in prepayment for equipment	(	63,728)	(59,520)
Net cash flows used in investing activities	(	<u>213,160</u>	<u>507,383</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Repayment of principal portion of lease liabilities	(	23,032)	(23,050)
Payment of cash dividends	6(18)	(799,924)	(650,373)
Proceeds from issuance of shares	6(15)	<u>2,662,472</u>	<u>-</u>
Net cash flows from (used in) financing activities		<u>1,839,516</u>	<u>673,423</u>
Net increase (decrease) in cash and cash equivalents		<u>2,138,599</u>	<u>(169,247)</u>
Cash and cash equivalents at beginning of year		<u>4,057,360</u>	<u>4,226,607</u>
Cash and cash equivalents at end of year		\$ 6,195,959	\$ 4,057,360

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

YUANTA FUTURES CO., LTD.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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

1. HISTORY AND ORGANIZATION

Yuanta Futures Co., Ltd.'s (the "Company") profile is described below:

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

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

- (2) The Company is primarily engaged in onshore and offshore futures brokerage business, futures dealing, futures consulting, futures business management, securities dealing, leverage transaction merchant, and a variety of futures related businesses approved by the competent authority. On August 14, 2017, with permission from the competent authority, the Company ceased engaging in futures business management. As of December 31, 2020, the Company had 4 branches.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These parent company only financial statements were authorized for issuance by the Board of Directors on March 18, 2021.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

New standards, interpretations and amendments endorsed by the FSC effective from 2020 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 1 and IAS 8, 'Disclosure initiative-definition of material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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Amendments to IFRS 9, IAS 39 and IFRS 7, 'Interest rate benchmark reform'	January 1, 2020
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Amendment to IFRS 16, 'Covid-19-related rent concessions'	June 1, 2020 (Note)
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Note : Earlier application from January 1, 2020 is allowed by FSC.

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

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

New standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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Amendments to IFRS 4, 'Extension of the temporary exemption from applying IFRS 9'	January 1, 2021
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Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, 'Interest Rate Benchmark Reform— Phase 2'	January 1, 2021
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The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

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

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts—cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company's significant accounting policies are described below:

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants and Regulations Governing the Preparation of Financial Reports by Securities Firms.

(2) Basis of preparation

- A. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:
 - (A) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - (B) Financial assets at fair value through other comprehensive income.
 - (C) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

(3) Foreign currency translation

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

A. Foreign currency transactions and balances

- (A) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (B) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (C) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the parent company only balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the parent company only balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (D) Foreign exchange gains and losses are presented in the parent company only statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

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

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

(4) Classification of current and non-current items

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

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

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

(A) Liabilities that are expected to be settled within the normal operating cycle;

(B) Liabilities arising mainly from trading activities;

(C) Liabilities that are to be settled within twelve months from the balance sheet date;

(D) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the parent company only balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash and cash equivalents

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

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

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income. Financial assets at amortised cost or fair value through other comprehensive income are designated as at fair value through profit or loss at initial recognition when they eliminate or significantly reduce a measurement or recognition inconsistency.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(7) Financial assets at fair value through other comprehensive income

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:

The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive

payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(8) Margin deposits

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

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

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

(10) Leverage margin contract trading client margin deposits

In accordance with the Regulations Governing Leverage Transaction Merchants, margin deposits accounts refer to the guarantee deposits and premiums collected from the leveraged trader, and the difference of daily evaluation.

(11) Leverage margin contract transaction traders' equity

Leverage margin contract transaction traders' equity is the trading margin/premiums deposited by customers and the difference of daily evaluation. Leverage margin contract transaction traders' equity is shown under current liabilities.

(12) Accounts receivable

A. Accounts receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(13) Impairment of financial assets

For margin deposit, futures trading margin receivables, security borrowing deposits, accounts receivable, other receivables, operation guarantee deposits, clearing and settlement fund, and refundable deposits, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts.

(14) Derecognition of financial assets

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

(15) Investment accounted for under the equity method – subsidiaries and associates

- A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- B. Unrealised gains on transactions between the Company and its subsidiaries are eliminated to the extent of the Company's interest in the subsidiaries. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, according to its share of interest in the subsidiary, the Company recognises further losses.
- D. According to Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, the profit or loss for the period and other comprehensive income presented in parent company only financial reports shall be the same as the allocations of profit or loss for the period and of other comprehensive income attributable to owners of the parent presented in the financial reports prepared on a consolidated basis, and the owners' equity presented in the parent company only financial reports shall be the same as the equity attributable to owners of the parent presented in the financial reports prepared on a consolidated basis.

(16) Property and equipment

- A. Property and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Equipment applies cost model and is depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors", from the date of the change. The estimated useful lives of various fixed assets are 3~6 years except for buildings, which have useful lives from 10~60 years.

(17) Leasing arrangements (lessee) — right-of-use assets/ lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:
 - (A) Fixed payments, less any lease incentives receivable; and
 - (B) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
 - (A) The amount of the initial measurement of lease liability;
 - (B) Any lease payments made at or before the commencement date; and
 - (C) Any initial direct costs incurred by the lessee.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

- D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease and recognize the difference between remeasured lease liability in profit or loss.

(18) Intangible assets

- A. Membership in a foreign Futures Exchange

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

- B. Computer software

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

(19) Impairment of non-financial assets

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

(20) Derivative financial instruments and non-hedging activities

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

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

- A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges. Or financial liabilities at fair value through profit or loss. Financial liabilities that meet one of the following criteria are designated as at fair value through profit or loss at initial recognition:
- (A) Hybrid (combined) contracts; or
 - (B) They eliminate or significantly reduce a measurement or recognition inconsistency; or
 - (C) They are managed, and their performance is evaluated on a fair value basis, in accordance with a documented risk management policy.
- B. At initial recognition, the Company measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Company subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(22) Derecognition of financial liabilities

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

(23) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(A) Defined contribution plans

For defined contribution plans, the Company pays fixed contributions to an independent, publicly or privately administered pension fund. The Company has no further legal or constructive obligations once the contributions have been paid. The contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(B) Defined benefit plans

- a. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds (at the balance sheet date).
- b. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Company's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Company recognises expense as it can no longer withdraw an offer of termination benefits or it recognises relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees' and directors' and supervisors' remuneration

Employees' remuneration and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(24) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(25) Income tax

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

intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the parent company only balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(26) Dividends

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

(27) Revenue recognition

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

5. CRITICAL ACCOUNTING JUDGEMENT, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of the financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience, the effect of Covid-19 and other factors. There is no significant change during the period. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Evaluation of expected credit loss on futures trading margin receivable

The impairment assessment of the Company's futures trading margin receivable is based on subjective judgements, including whether there has been significant increase in credit risk since initial recognition and loss rates calculated from historical data. Therefore, the Company periodically examines the appropriateness of its estimates. Please refer to Note 21(6) for more information.

(2) Financial assets—fair value measurement of unlisted stocks without active market

The fair value of unlisted stocks held by the Company that are not traded in an active market is determined by the market approach. The approach is taken with assumptions relating to the determination of comparable companies and employing those companies' latest price to earnings ratio multiples as basis of pricing estimation along with discounts of marketability consideration. Any changes in these judgements and estimates will impact the fair value measurement of these unlisted stocks. Please refer to Note 21(3) for the financial instruments fair value information.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Petty cash	\$ 30	\$ 30
Cash in bank		
Checking deposits	15	15
Demand deposits	90,781	110,280
Time deposits	4,963,600	3,194,380
Subtotal	<u>5,054,426</u>	<u>3,304,705</u>
Excess futures margin deposits	498,394	285,315
Excess margin in foreign exchange margin trading	53,817	65,035
Commercial paper (expiring within three months)	589,322	402,305
	<u>\$ 6,195,959</u>	<u>\$ 4,057,360</u>

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

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

(2) Financial assets and liabilities at fair value through profit or loss – current

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 168,510	\$ 66,624
Beneficiary certificates	601,408	135,360
Futures contracts - non-hedging	62,741	15,774
Options contracts - non-hedging	4,166	11,665
Leverage margin contract transactions - non-hedging	13,537	17,218
	<u>850,362</u>	<u>246,641</u>
Valuation adjustment	9,828	6,052
	<u>\$ 860,190</u>	<u>\$ 252,693</u>
	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Financial liabilities held for trading		
Options - non-hedging	\$ 13,332	\$ 4,334
Security borrowing payable - non-hedging	171,614	50,670
	<u>184,946</u>	<u>55,004</u>
Valuation adjustment	35,726	16,273
	<u>\$ 220,672</u>	<u>\$ 71,277</u>

A. Amounts recognised in profit or loss in relation to financial assets and liabilities at fair value through profit or loss are listed below:

	<u>For the years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 38,871	\$ 22,019
Beneficiary certificates	(5,565)	7,369
Non-hedging derivatives	450,941	276,877
Total	<u>\$ 484,247</u>	<u>\$ 306,265</u>
	<u>For the years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Financial liabilities held for trading		
Options - non-hedging	(\$ 324,662)	(\$ 181,500)
Security borrowing payable - non-hedging	(23,309)	(29,086)
Leverage margin contract transactions - non-hedging	(211)	(1,286)
Total	<u>(\$ 348,182)</u>	<u>(\$ 211,872)</u>

For the years ended December 31, 2020 and 2019, the above mentioned amounts recognised in profit or loss in relation to financial assets and liabilities at fair value through profit or loss are recognised in gains on trading of securities, dividend income, gains on valuation of trading

securities, losses on covering of borrowed securities and bonds with resale agreements-short sales, valuation losses on borrowed securities and bonds with resale agreements-short sales at fair value through profit or loss, net gain on derivative instruments and other gains and losses.

B. Futures

The Company entered into futures contracts to earn the spread. As of December 31, 2020 and 2019, margin deposits for the contract was \$561,135 and \$301,089, respectively, with excess margin of \$498,394 and \$285,315, respectively, recognised in “cash and cash equivalents”.

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

(3) Margin deposits /Futures traders' equity

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Margin deposits by customers:		
Cash in bank	\$ 61,028,517	\$ 46,726,377
Clearing house	12,185,195	7,582,545
Other futures commission merchants	<u>9,595,300</u>	<u>9,294,354</u>
Total	82,809,012	63,603,276
Less: Fees and interest revenue		
pending for transfer	(194,246)	(145,734)
Futures exchange tax		
pending for transfer	(6,702)	(3,789)
Temporary receipts	(7,623)	(3,619)
Others	<u>(11,792)</u>	<u>(9,845)</u>
Futures trader's equity	<u>\$ 82,588,649</u>	<u>\$ 63,440,289</u>

A. The Company has no expected credit loss on margin deposits.

B. As at December 31, 2020 and 2019, without considering any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the margin deposits held by the Company was \$82,809,012 and \$63,603,276, respectively.

(4) Futures trading margin receivable

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Futures trading margin receivable	\$ 120,901	\$ 86,409
Less: Allowance for uncollectible accounts	<u>(120,901)</u>	<u>(86,409)</u>
	<u>\$ -</u>	<u>\$ -</u>

A. Information relating to credit risk of futures trading margin receivable is provided in Note 21(6).

B. The ageing analysis of futures trading margin receivable is as follows:

	December 31, 2020	December 31, 2019
Up to 30 days	\$ -	\$ -
31-90 days	-	-
91-180 days	-	364
Over 181 days	120,901	86,045
	<u>\$ 120,901</u>	<u>\$ 86,409</u>

The above ageing analysis was based on posting date.

(5) Financial assets at fair value through other comprehensive income

	December 31, 2020	December 31, 2019
Current items:		
Equity instrument		
Listed stocks	\$ 605,623	\$ 561,209
Valuation adjustment	49,809	20,238
Total	<u>\$ 655,432</u>	<u>\$ 581,447</u>
Non-current items:		
Equity instrument		
Listed stocks	\$ 104,771	\$ -
Valuation adjustment	(1,075)	-
Subtotal	<u>103,696</u>	<u>-</u>
Non-Listed stocks	221,132	221,132
Valuation adjustment	<u>1,293,695</u>	<u>1,297,407</u>
Subtotal	<u>1,514,827</u>	<u>1,518,539</u>
Total	<u>\$ 1,618,523</u>	<u>\$ 1,518,539</u>

- A. The Company has elected to classify stock investments that are considered to be strategic investments and earning steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$2,273,955 and \$2,099,986 as at December 31, 2020 and 2019, respectively.
- B. For the years ended December 31, 2020 and 2019, to avoid systemic risks due to market interference and uncertainties, the Company sold \$1,027,205 and \$1,155,112, respectively, of listed stocks at fair value and resulted in cumulative gains on disposal of \$55,414 and \$30,776, respectively.
- C. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	For the years ended December 31,	
	2020	2019
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ 80,198	\$ 166,209
Cumulative gains reclassified to retained earnings due to derecognition	(\$ 55,414)	(\$ 30,776)
Dividend income recognised in profit or loss		
Held at end of period	\$ 61,048	\$ 63,012
Derecognised during the period	26,086	49,029
	<u>\$ 87,134</u>	<u>\$ 112,041</u>

D. The Company has no financial assets at fair value through other comprehensive income pledged to others.

(6) Investments accounted for under the equity method

A. Items of equity investments are summarised below:

Company name	December 31, 2020	
	Amount	Shareholding ratio
SYF Information Co., Ltd.	\$ 282,338	100.00%
Yuanta Futures (Hong Kong) Co., Ltd.	924,763	100.00%
	<u>\$ 1,207,101</u>	

Company name	December 31, 2019	
	Amount	Shareholding ratio
SYF Information Co., Ltd.	\$ 286,541	100.00%
Yuanta Futures (Hong Kong) Co., Ltd.	988,723	100.00%
	<u>\$ 1,275,264</u>	

B. The Company's share of the operating results in all individually immaterial invested companies are summarised below:

	For the years ended December 31,	
	2020	2019
(Loss) profit for the year from continuing operations	(\$ 24,553)	\$ 14,421
Currency translation differences	(43,610)	(19,657)
Total comprehensive loss	<u>(\$ 68,163)</u>	<u>(\$ 5,236)</u>

(7) Operating guarantee deposits

The Company's annual interest rates on operating guarantee deposits that were provided as time deposits maturing within one-year with Yuanta Bank as of December 31, 2020 and 2019 was 0.77%~1.035% and 1.035%, respectively.

As at December 31, 2020 and 2019, without considering any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the operating guarantee deposits held by the Company were both \$140,000.

(8) Clearing and settlement funds

As at December 31, 2020 and 2019, without considering any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the clearing and settlement funds held by the Company was \$548,092 and \$535,686, respectively.

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(9) Property and equipment

2020					
	Land	Buildings	Equipment	Leasehold improvements	Total
At January 1,					
Cost	\$ 410,992	\$ 71,577	\$ 185,285	\$ 12,236	\$ 680,090
Accumulated depreciation	-	(8,804)	(82,962)	(6,517)	(98,283)
	<u>\$ 410,992</u>	<u>\$ 62,773</u>	<u>\$ 102,323</u>	<u>\$ 5,719</u>	<u>\$ 581,807</u>
Opening net book amount at January 1,	\$ 410,992	\$ 62,773	\$ 102,323	\$ 5,719	\$ 581,807
Additions	-	-	35,036	-	35,036
Reclassifications	-	-	45,214	-	45,214
Disposals (cost)	-	-	(26,075)	(2,544)	(28,619)
Disposals (accumulated depreciation)	-	-	25,606	2,544	28,150
Depreciation expense	-	(3,409)	(47,288)	(3,296)	(53,993)
Closing net book amount at December 31,	<u>\$ 410,992</u>	<u>\$ 59,364</u>	<u>\$ 134,816</u>	<u>\$ 2,423</u>	<u>\$ 607,595</u>
At December 31,					
Cost	\$ 410,992	\$ 71,577	\$ 239,460	\$ 9,692	\$ 731,721
Accumulated depreciation	-	(12,213)	(104,644)	(7,269)	(124,126)
	<u>\$ 410,992</u>	<u>\$ 59,364</u>	<u>\$ 134,816</u>	<u>\$ 2,423</u>	<u>\$ 607,595</u>
2019					
	Land	Buildings	Equipment	Leasehold improvements	Total
At January 1,					
Cost	\$ 410,992	\$ 71,577	\$ 173,712	\$ 28,891	\$ 685,172
Accumulated depreciation	-	(5,397)	(69,589)	(19,862)	(94,848)
	<u>\$ 410,992</u>	<u>\$ 66,180</u>	<u>\$ 104,123</u>	<u>\$ 9,029</u>	<u>\$ 590,324</u>
Opening net book amount at January 1,	\$ 410,992	\$ 66,180	\$ 104,123	\$ 9,029	\$ 590,324
Additions	-	-	28,936	449	29,385
Reclassifications	-	-	7,801	-	7,801
Disposals (cost)	-	-	(25,164)	(17,104)	(42,268)
Disposals (accumulated depreciation)	-	-	24,874	17,104	41,978
Depreciation expense	-	(3,407)	(38,247)	(3,759)	(45,413)
Closing net book amount at December 31,	<u>\$ 410,992</u>	<u>\$ 62,773</u>	<u>\$ 102,323</u>	<u>\$ 5,719</u>	<u>\$ 581,807</u>
At December 31,					
Cost	\$ 410,992	\$ 71,577	\$ 185,285	\$ 12,236	\$ 680,090
Accumulated depreciation	-	(8,804)	(82,962)	(6,517)	(98,283)
	<u>\$ 410,992</u>	<u>\$ 62,773</u>	<u>\$ 102,323</u>	<u>\$ 5,719</u>	<u>\$ 581,807</u>

(10) Leasing arrangements—lessee

A. The Company leases various assets including buildings. Rental contracts are typically made for periods of 3 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Buildings	<u>\$ 190,744</u>	<u>\$ 31,497</u>
	<u>For the years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
	<u>Depreciation expense</u>	<u>Depreciation expense</u>
Buildings	<u>\$ 29,441</u>	<u>\$ 23,201</u>

C. For the years ended December 31, 2020 and 2019, the additions to right-of-use assets were \$188,688 and \$0, respectively.

D. The information on profit and loss accounts relating to lease contracts is as follows:

	<u>For the year ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 379	\$ 365
Expense on short-term lease contracts	644	378

E. For the years ended December 31, 2020 and 2019, the Company's total cash outflow for leases was \$24,055 and \$23,793, respectively.

F. Extension and termination options

In determining the lease term, the Company takes into consideration all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. The assessment of lease period is reviewed if a significant event occurs which affects the assessment.

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(11) Intangible assets

2020			
	Membership in a foreign Futures		
	Exchange	Others	Total
At January 1			
Cost	\$ 24,125	\$ 35,172	\$ 59,297
Accumulated amortisation	-	(18,545)	(18,545)
	<u>\$ 24,125</u>	<u>\$ 16,627</u>	<u>\$ 40,752</u>
Opening net book amount as at January 1,	\$ 24,125	\$ 16,627	\$ 40,752
Additions	-	2,447	2,447
Reclassifications	-	11,035	11,035
Disposals (cost)	-	(13,577)	(13,577)
Disposals (accumulated amortisation)	-	13,577	13,577
Amortisation expense	-	(12,097)	(12,097)
Closing net book amount as at December 31,	<u>\$ 24,125</u>	<u>\$ 18,012</u>	<u>\$ 42,137</u>
At December 31,			
Cost	\$ 24,125	\$ 35,077	\$ 59,202
Accumulated amortisation	-	(17,065)	(17,065)
	<u>\$ 24,125</u>	<u>\$ 18,012</u>	<u>\$ 42,137</u>
2019			
	Membership in a foreign Futures		
	Exchange	Others	Total
At January 1			
Cost	\$ 24,125	\$ 28,855	\$ 52,980
Accumulated amortisation	-	(10,728)	(10,728)
	<u>\$ 24,125</u>	<u>\$ 18,127</u>	<u>\$ 42,252</u>
Opening net book amount as at January 1,	\$ 24,125	\$ 18,127	\$ 42,252
Additions	-	1,748	1,748
Reclassifications	-	6,516	6,516
Disposals (cost)	-	(1,947)	(1,947)
Disposals (accumulated amortisation)	-	1,947	1,947
Amortisation expense	-	(9,764)	(9,764)
Closing net book amount as at December 31,	<u>\$ 24,125</u>	<u>\$ 16,627</u>	<u>\$ 40,752</u>
At December 31,			
Cost	\$ 24,125	\$ 35,172	\$ 59,297
Accumulated amortisation	-	(18,545)	(18,545)
	<u>\$ 24,125</u>	<u>\$ 16,627</u>	<u>\$ 40,752</u>

(12) Other current liabilities

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Temporary receipts	<u>\$ 19,584</u>	<u>\$ 13,601</u>

(13) Pension

A. Defined benefit plan

(A) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions to cover the deficit by next March.

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

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Present value of defined benefit obligations	\$ 98,594	\$ 83,729
Fair value of plan assets	(24,852)	(23,142)
Net defined benefit liability	<u>\$ 73,742</u>	<u>\$ 60,587</u>

(C) Movement in net defined benefit liabilities are as follows:

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
<u>Year ended December 31, 2020</u>			
Balance January 1	\$ 83,729	(\$ 23,142)	\$ 60,587
Interest expense (income)	586	(162)	424
	<u>84,315</u>	<u>(23,304)</u>	<u>61,011</u>
Remeasurements:			
Return on plan assets	-	(783)	(783)
Change in financial assumptions	4,513	-	4,513
Experience adjustments	9,828	-	9,828
	<u>14,341</u>	<u>(783)</u>	<u>13,558</u>
Pension fund contribution	-	(765)	(765)
Paid pension	(62)	-	(62)
Balance at December 31	<u>\$ 98,594</u>	<u>(\$ 24,852)</u>	<u>\$ 73,742</u>

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>Year ended December 31, 2019</u>			
Balance January 1	\$ 96,157	(\$ 21,375)	\$ 74,782
Interest expense (income)	1,058	(235)	823
	<u>97,215</u>	<u>(21,610)</u>	<u>75,605</u>
Remeasurements:			
Return on plan assets	-	(771)	(771)
Change in financial assumptions	3,804	-	3,804
Experience adjustments	(7,544)	-	(7,544)
	<u>(3,740)</u>	<u>(771)</u>	<u>(4,511)</u>
Pension fund contribution	-	(761)	(761)
Paid pension	(9,746)	-	(9,746)
Balance at December 31	<u>\$ 83,729</u>	<u>(\$ 23,142)</u>	<u>\$ 60,587</u>

(D) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings are less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2020 and 2019 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

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

	For the years ended December 31,	
	2020	2019
Discount rate	0.30%	0.70%
Future salary increases	3.00%	3.00%

For the years ended December 31, 2020 and 2019, assumptions regarding future mortality rate were estimated in accordance with Taiwan Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
<u>December 31, 2020</u>				
Effect on present value of defined benefit obligation	(\$ 2,854)	\$ 2,968	\$ 2,463	(\$ 2,387)
<u>December 31, 2019</u>				
Effect on present value of defined benefit obligation	(\$ 2,405)	\$ 2,502	\$ 2,048	(\$ 1,983)

(F) The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(G) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2021 amount to \$772.

(H) As of December 31, 2020, the weighted average duration of the retirement plan is 12 years.

B. Defined contribution plan

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

(B) The pension costs under defined contribution pension plans of the Company for the years ended December 31, 2020 and 2019, were \$17,476 and \$16,149, respectively.

(14) Share-based payment

A. For the year ended December 31, 2020, the Company's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (in thousand shares)	Contract period	Vesting conditions
Cash capital increase reserved for employee preemption	February 12, 2020	1,693	N/A	Vested immediately
Cash capital increase reserved for employee preemption	October 8, 2020	3,581	N/A	Vested immediately

The share-based payment arrangements above are settled by equity.

B. The fair value of stock options granted on February 12, 2020 and October 8, 2020 is measured using the Black-Scholes-Merton-option-pricing model. Relevant information is as follows:

Amount in NTD

Type of arrangement	Grant date	Stock price	Exercise price	Exercise price volatility (Note1)	Expected option life (Note2)	Expected dividends	Risk-free interest rate	Fair value per unit
Cash capital increase reserved for employee preemption	February 12, 2020	\$ 55.80	\$ 48.00	10.43%	38 days	N/A	0.46%	\$ 7.82
Cash capital increase reserved for employee preemption	October 8, 2020	\$ 54.10	\$ 45.50	14.20%	20 days	N/A	0.06%	\$ 8.60

Note 1: It was estimated based on annualised standard deviation of returns of the Company.

Note 2: It was the period between the grant date of the capital increase (February 12, 2020 and October 8, 2020) to the payment period end date of employee stock option (March 20, 2020 and October 27, 2020).

C. Expenses incurred on share-based payment transactions are shown below:

	For the year ended December 31, 2020
Equity-settled	\$ 44,036

(15) Share capital

- A. As of December 31, 2020, the Company's authorised capital was \$3,500,000 consisting of 350,000 thousand shares and paid-in capital was \$2,899,763 with a par value of 10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding (thousand shares) are as follows:

	2020
At January 1	\$ 232,276
Cash capital increase	57,700
At December 31	<u>\$ 289,976</u>

- B. On November 17, 2019, the Board of Directors of the Company resolved to increase its capital by issuing common stock, totaling 17,700 thousand shares with a par value of \$10 (in dollars) per share and the issuance price was \$48 (in dollars) per share. The purpose is to fulfill working capital needs. The proceeds amounted to \$849,600 (excluding the issuance cost of \$2,272). The record date of cash capital increase was set on March 25, 2020, and the paid-in capital was \$2,499,763 after the capital increase.
- C. On August 20, 2020, the Board of Directors of the Company resolved to increase its capital by issuing common stock, totaling 40,000 thousand shares with a par value of \$10 (in dollars) per share and the issuance price was \$45.5 (in dollars) per share. The purpose is to fulfill working capital needs. The proceeds amounted to \$1,820,000 (excluding the issuance cost of \$4,856). The record date of cash capital increase was set on October 30, 2020, and the paid-in capital was \$2,899,763 after the capital increase.

(16) Capital surplus

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

(17) Special reserve

	December 31, 2020	December 31, 2019
Legal capital reserve	\$ 2,294,034	\$ 2,066,874
Special reserve-Fintech	-	8,027
	<u>\$ 2,294,034</u>	<u>\$ 2,074,901</u>

- A. According to the “Rules Governing the Administration of Securities Firms”, 20% of the current year's earnings, after paying all taxes and offsetting prior years' operating losses, if any, shall be set aside as special reserve until the cumulative balance equals the total amount of paid-in capital. The special reserve shall be used exclusively to cover accumulated deficit or to increase capital and shall not be used for any other purpose. Such capitalization shall not be permitted unless the Company has already accumulated a special reserve of at least 50% of its paid-in capital and only half of such special reserve may be capitalised.
- B. The Company transferred provision on bad debt loss that had been set aside but not reversed to special reserve on initial application of IFRSs in accordance with Gin-Gwen-Zheng-Qi Letter No. 1010032090, dated July 10, 2012. Except for offsetting operating losses or special reserve exceeding 50% of the Company's paid-in capital after transferring, the Company could transfer half of special reserve as share capital.
- C. According to Gin-Gwen-Zheng-Qi Letter No. 1010048029, an equivalent amount of special reserve should be set aside from earnings after tax of the current year and the undistributed earnings of the prior period based on the decreased amount of equity. For the cumulative decrease in equity of the prior period, the equal amount of special reserve set aside based on the undistributed earnings should not be distributed. If there is any reversal of the decrease in equity, the earnings may be distributed based on the reversal proportion.
- D. According to Gin-Gwen-Zheng-Quan Letter No. 10500278285 dated August 5, 2016, for earnings from fiscal years 2016 to 2018, futures commission merchants shall set aside special reserve from earnings after tax in the range between 0.5% to 1%. Also, starting fiscal year 2017, the expenditure of staff education training, staff transfer or resettlement arising from the development of financial technology could be reversed at the same amount within the above-mentioned range. However, according to Gin-Gwen-Zheng-Quan Letter No. 1080321644 dated July 10, 2019, futures commission merchants are no longer required to set aside special reserve starting from fiscal year 2019. And the special reserve, within the balance of special reserve set aside in the previous years, could be reversed at the same amount for the aforementioned expenditures.
- E. In line with aforementioned regulations, the appropriation of 2019 and 2018 earnings as resolved by the shareholders on May 27, 2020 and May 23, 2019, the Company reversed special reserve in the amount of (\$8,027), provided special reserve in the amount of \$5,000 and reversed special reserve in the amount of (\$5,478), respectively.

(18) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% and 20% of the remaining amount shall be set aside as legal reserve and special reserve. The remainder, if any, to be retained or to be appropriated shall be resolved by the stockholders at the stockholders' meeting.
- B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- D. The appropriation of 2019 and 2018 earnings had been resolved by the stockholders at the stockholders' meeting. Details are summarised below:

	2019		2018	
	Amount	Dividends per Share (in dollars)	Amount	Dividends per Share (in dollars)
Legal reserve	\$ 113,580		\$ 100,004	
Special reserve	227,160		200,009	
Special reserve-Fintech (Note)	-		5,000	
Reversal of special reserve (Note) (	8,027)		(5,478)	
Cash dividends	799,924	\$ 3.20	650,373	\$ 2.80

- E. On March 18, 2021, the Board of Directors resolved the distribution of profits for 2020 as follows:

	2020	
	Amount	Dividends per Share (in dollars)
Legal reserve	\$111,467	
Special reserve	214,020	
Cash dividends	811,934	\$ 2.80

Note : According to Gin-Gwen-Zheng-Quan Letter No. 10500278285, the Company shall set aside 0.5% special reserve for staff education training, staff transfer or resettlement due to the development of financial technology and the protection of employee's right. The special reserve is reversed in accordance with the letter.

- F. The information relating to employees' remuneration, please refer to 6(28).

(19) Other equity items

	Unrealised gains (losses) on valuation	Currency translation differences	Total
At January 1, 2020	\$ 1,317,644	(\$ 21,375)	\$ 1,296,269
Financial assets at fair value through other comprehensive income			
-Revaluation	80,198	-	80,198
-Revaluation transferred to retained earnings	(55,414)	-	(55,414)
Currency translation differences			
-Exchange differences	-	(43,610)	(43,610)
At December 31, 2020	<u>\$ 1,342,428</u>	<u>(\$ 64,985)</u>	<u>\$ 1,277,443</u>
	Unrealised gains (losses) on valuation	Currency translation differences	Total
At January 1, 2019	\$ 1,182,211	(\$ 1,718)	\$ 1,180,493
Financial assets at fair value through other comprehensive income			
-Revaluation	166,209	-	166,209
-Revaluation transferred to retained earnings	(30,776)	-	(30,776)
Currency translation differences			
-Exchange differences	-	(19,657)	(19,657)
At December 31, 2019	<u>\$ 1,317,644</u>	<u>(\$ 21,375)</u>	<u>\$ 1,296,269</u>

(20) Brokerage

For the years ended December 31,	
2020	2019
Dealers' commissions	
<u>\$ 3,484,081</u>	<u>\$ 2,567,263</u>

(21) Gains on trading of securities

For the years ended December 31,	
2020	2019
Revenue from sale of securities - dealing	
\$ 1,251,265	\$ 706,661
Cost from sale of securities - dealing	
(1,216,065)	(697,015)
Total	
<u>\$ 35,200</u>	<u>\$ 9,646</u>

(22) Clearance fee from consignment

	For the years ended December 31,	
	2020	2019
Clearance fee from consignment - non-related parties	\$ 37,703	\$ 37,976
Clearance fee from consignment - related parties	35,487	29,125
Total	<u>\$ 73,190</u>	<u>\$ 67,101</u>

(23) Net gain on derivative financial instruments

	For the years ended December 31,	
	2020	2019
Non-hedging		
Gains (losses) from futures contract interests		
Futures contract gains	\$ 527,256	\$ 1,217,313
Futures contract losses	(659,810)	(1,240,821)
	<u>(\$ 132,554)</u>	<u>(\$ 23,508)</u>
Gains (losses) from options trading		
Gains from options trading	\$ 548,452	\$ 289,300
Losses from options trading	(324,662)	(181,500)
	<u>\$ 223,790</u>	<u>\$ 107,800</u>
Gains (losses) from exchange rate derivatives trading		
Gains from exchange rate derivatives trading	\$ 336,035	\$ 120,850
Losses from exchange rate derivatives trading	(300,992)	(109,765)
	<u>\$ 35,043</u>	<u>\$ 11,085</u>
Gains (losses) from equity derivatives trading		
Gains from equity derivatives trading	\$ 792	\$ 431
Losses from equity derivatives trading	(1,003)	(1,717)
	<u>(\$ 211)</u>	<u>(\$ 1,286)</u>
Gains from derivatives financial instruments	\$ 1,412,535	\$ 1,627,894
Losses from derivatives financial instruments	(1,286,467)	(1,533,803)
	<u>\$ 126,068</u>	<u>\$ 94,091</u>

(24) Service charge

	For the years ended December 31,	
	2020	2019
Service charge - brokerage	\$ 745,408	\$ 485,615
Service charge - dealing	6,252	4,562
Total	<u>\$ 751,660</u>	<u>\$ 490,177</u>

(25) Futures commissions

	For the years ended December 31,	
	2020	2019
Entrusted futures transaction	\$ 297,791	\$ 296,661
Futures auxiliary business	344,152	220,410
Total	<u>\$ 641,943</u>	<u>\$ 517,071</u>

(26) Clearance fee

	For the years ended December 31,	
	2020	2019
Clearance fee - brokerage	\$ 557,650	\$ 377,340
Clearance fee - dealing	4,230	3,148
Total	<u>\$ 561,880</u>	<u>\$ 380,488</u>

(27) Operating expenses

	For the years ended December 31,	
	2020	2019
Employee benefit expense	\$ 662,662	\$ 622,918
Depreciation expense	83,434	68,614
Amortisation expense	12,097	9,764
Postage and telephone costs	95,353	89,013
Tax expenses	104,150	83,028
Computer information expenses	98,959	92,292
Donation	9,642	7,631
Institutional membership fees	33,683	30,126
Operating lease payments	644	378
Repair charge	27,126	21,449
Advertising costs	11,393	10,185
Service expenses	9,784	9,934
Other expenses	35,246	38,766
Total	<u>\$ 1,184,173</u>	<u>\$ 1,084,098</u>

(28) Employee benefit expense

	For the years ended December 31,	
	2020	2019
Wages and salaries	\$ 589,687	\$ 554,802
Labor and health insurance fees	34,294	31,979
Pension costs	17,900	16,972
Post-employment benefits	1,683	1,589
Other personnel expenses	19,098	17,576
Total	<u>\$ 662,662</u>	<u>\$ 622,918</u>

- A. In accordance with the Articles of Incorporation of the Company, when distributing earnings, the Company shall distribute bonus to the employees that account for 0.01%~5.00%, of the total distributed amount. For the years ended December 31, 2020 and 2019, employees' compensation was accrued at \$3,832 and \$3,676, respectively, and the aforementioned amounts were recognised in salary expenses.
- B. Employees' compensation of 2019 as resolved at the meeting of Board of Directors were in agreement with those amounts recognised in the 2019 financial statements.
- C. Information about employees' compensation of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(29) Other gains and losses

	For the years ended December 31,	
	2020	2019
Interest income	\$ 694,306	\$ 1,027,270
(Losses) gains on disposals of investments	(8,623)	6,935
Losses on disposals of property and equipment	(259)	-
Dividend income	88,007	113,166
Net currency exchange losses	(15,991)	(17,306)
Gains (losses) on financial assets at fair value through profit or loss	1,696	(1,358)
Others	65,702	79,318
Total	<u>\$ 824,838</u>	<u>\$ 1,208,025</u>

(30) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the years ended December 31,	
	2020	2019
Current tax:		
Current tax on profits for the year	\$ 277,398	\$ 278,231
Tax on undistributed surplus earnings	1,877	-
Prior year income tax overestimation	(7,933)	(2,037)
Total current tax	<u>271,342</u>	<u>276,194</u>
Deferred tax:		
Origination and reversal of temporary differences	(15,861)	(1,981)
Total deferred tax	<u>(15,861)</u>	<u>(1,981)</u>
Income tax expense	<u>\$ 255,481</u>	<u>\$ 274,213</u>

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

	For the years ended December 31,	
	2020	2019
Remeasurement of defined benefit obligations	(\$ 2,712)	\$ 902

B. Reconciliation between income tax expense and accounting profit

	For the years ended December 31,	
	2020	2019
Tax calculated based on profit before tax and statutory tax rate	\$ 265,116	\$ 282,002
Tax exempt income by tax regulation	(3,579)	(5,752)
Tax on undistributed surplus earnings	1,877	-
Prior year income tax overestimation	(7,933)	(2,037)
Income tax expense	\$ 255,481	\$ 274,213

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

For the year ended December 31, 2020				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	
				December 31
Temporary differences:				
— Deferred income tax assets:				
Accrued pension liabilities	\$ 2,788	(\$ 81)	\$ 2,712	\$ 5,419
Unrealised exchange loss	930	562	-	1,492
Expected credit losses	17,282	6,829	-	24,111
Others	4,074	8,551	-	12,625
Total	\$ 25,074	\$ 15,861	\$ 2,712	\$ 43,647

For the year ended December 31, 2019				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
— Deferred income tax assets:				
Accrued pension liabilities	\$ 5,627	(\$ 1,937)	(\$ 902)	\$ 2,788
Unrealised exchange loss	1,252	(322)	-	930
Expected credit losses	17,633	(351)	-	17,282
Others	2,242	1,832	-	4,074
Subtotal	26,754	(778)	(902)	25,074
— Deferred income tax liabilities:				
Unrealised exchange gain	(2,759)	2,759	-	-
Total	\$ 23,995	\$ 1,981	(\$ 902)	\$ 25,074

D. The Company's income tax returns through 2018 have been assessed and approved by the Tax Authority. The Company's subsidiary, SYF Information Co. Ltd.'s income tax returns through 2018 have been assessed and approved by the Tax Authority

(31) Earnings per share

For the year ended December 31, 2020			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	\$ 1,070,099	252,799	\$ 4.23

For the year ended December 31, 2019			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	\$ 1,135,799	232,276	\$ 4.89

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The Company's parent and ultimate controlling party is Yuanta Financial Holding Co., Ltd., which owns 66.27% of the Company's shares.

(2) The names and relationship of related parties

<u>Names</u>	<u>Relationship with the Group</u>
Yuanta Financial Holdings	The parent company of the Company
Yuanta Bank	The same group of enterprises
Yuanta Securities Co., Ltd	The same group of enterprises
Yuanta Life Insurance Co., Ltd	The same group of enterprises
Yuanta Securities Investment Trust	The same group of enterprises
Yuanta Securities Investment Consulting	The same group of enterprises
Yuanta Securities Korea Co., Ltd	The same group of enterprises
Yuanta Securities (Hong Kong) Co., Ltd	The same group of enterprises
Funds managed by Yuanta Securities Investment Trust	The funds managed by same group of enterprises
Yuanta Futures (Hong Kong) Co., Ltd.	The subsidiary company of the Company
Yuanta Cultural & Educational Foundation	The directors are the key management
Taiwan Securities Association	The directors are the key management
Polaries Research	Related parties in substance Refer to the same enterprise group, parent company, substantial related parties and its major shareholders, key management and its related investment enterprises and other companies or institutions who is also held by the Company's chairman of the director or general manager, or have spouse or relatives in the same position.
Other	

(3) Significant related party transactions and balances

A. Cash and cash equivalents/ operating guarantee deposits/ customer margin deposits

		<u>December 31, 2020</u>				
		<u>Bank deposits</u>	<u>Operating guarantee deposits</u>	<u>Customer margin deposits</u>	<u>Futures trading margin</u>	<u>Excess margin</u>
					<u>Own funds</u>	
Subsidiary						
Yuanta Futures (Hong Kong) Co., Ltd.		\$ -	\$ -	\$ 465,625	\$ 1,515	\$ 25,516
Fellow subsidiary						
Yuanta Bank		880,409	140,000	11,408,201	-	-
		<u>\$ 880,409</u>	<u>\$ 140,000</u>	<u>\$ 11,873,826</u>	<u>\$ 1,515</u>	<u>\$ 25,516</u>

December 31, 2019					
	Bank deposits	Operating guarantee deposits	Customer margin deposits	Futures trading margin Own funds	Excess margin
Subsidiary					
Yuanta Futures (Hong Kong) Co., Ltd.	\$ -	\$ -	\$ 526,911	\$ -	\$ 15,114
Fellow subsidiary					
Yuanta Bank	884,781	140,000	9,428,093	-	-
	<u>\$ 884,781</u>	<u>\$ 140,000</u>	<u>\$ 9,955,004</u>	<u>\$ -</u>	<u>\$ 15,114</u>

B. Leverage margin contract trading client margin deposits

	December 31, 2020	December 31, 2019
Fellow subsidiary		
Yuanta Bank	<u>\$ 257,218</u>	<u>\$ 258,250</u>

C. Accounts receivable - related parties

	December 31, 2020	December 31, 2019
Fellow subsidiary		
Yuanta Securities Co., Ltd.	<u>\$ 3,569</u>	<u>\$ 2,377</u>

D. Prepayments

	For the years ended December 31,	
	2020	2019
Fellow subsidiary		
Yuanta Life Insurance Co., Ltd.	<u>\$ 1,351</u>	<u>\$ 1,013</u>

E. Other receivables - related parties

	December 31, 2020	December 31, 2019
Fellow subsidiary		
Yuanta Bank	<u>\$ 3,876</u>	<u>\$ 4,464</u>

F. Leasing arrangements — lessee

- a. The Company leases buildings from Yuanta Bank, Yuanta Securities Co., Ltd. and Yuanta Life Insurance Co., Ltd. with a lease term from 2 months to 5 years and rents are paid monthly.
- b. Acquisition of right-of-use assets

	For the years ended December 31,	
	2020	2019
Fellow subsidiary		
Yuanta Life Insurance Co., Ltd.	<u>\$ 188,688</u>	<u>\$ -</u>

c. Rental expense

	For the years ended December 31,	
	2020	2019
Fellow subsidiary		
Yuanta Bank	\$ 37	\$ -
Yuanta Securities Co., Ltd.	244	-
	<u>\$ 281</u>	<u>\$ -</u>

d. Lease liabilities

(a) Outstanding balance

	December 31, 2020	December 31, 2019
Fellow subsidiary		
Yuanta Bank	\$ 891	\$ 2,606
Yuanta Life Insurance Co., Ltd.	188,902	-
Yuanta Securities Co., Ltd.	5,636	26,125
	<u>\$ 195,429</u>	<u>\$ 28,731</u>

(b) Interest expense

	For the years ended December 31,	
	2020	2019
Fellow subsidiary		
Yuanta Bank	\$ 14	\$ 29
Yuanta Life Insurance Co., Ltd.	214	-
Yuanta Securities Co., Ltd.	129	305
	<u>\$ 357</u>	<u>\$ 334</u>

G. Refundable deposits

	December 31, 2020	December 31, 2019
Fellow subsidiary		
Yuanta Bank	\$ 10,199	\$ 10,188
Yuanta Life Insurance Co., Ltd.	6,991	-
Yuanta Securities Co., Ltd.	5,154	5,155
The directors are the key management		
Taiwan Securities Association	300	300
	<u>\$ 22,644</u>	<u>\$ 15,643</u>

H. Futures traders' equity

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Subsidiary		
Yuanta Futures (Hong Kong) Co., Ltd.	\$ 140,472	\$ 107,970
Fellow subsidiary		
Yuanta Securities Co., Ltd.	7,280,656	3,464,477
Yuanta Securities (Hong Kong) Co., Ltd.	91,086	294,013
Yuanta Securities Korea Co., Ltd.	200,709	203,846
Funds managed by fellow subsidiary		
Funds managed by Yuanta Securities Investment Trust	28,223,681	24,237,500
Other related parties	73,478	53,588
	<u>\$ 36,010,082</u>	<u>\$ 28,361,394</u>

I. Accounts payable - related parties

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Fellow subsidiary		
Yuanta Securities Co., Ltd.	\$ 23,586	\$ 14,505

J. Other payables - related parties

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Parent Company		
Yuanta Financial Holdings	\$ 30	\$ 979
Fellow subsidiary		
Yuanta Securities Co., Ltd.	186	262
The directors are the key management		
Taiwan Securities Association	-	15
Other related parties	9	40
	<u>\$ 225</u>	<u>\$ 1,296</u>

K. Brokerage

	For the years ended December 31,	
	2020	2019
Subsidiary		
Yuanta Futures (Hong Kong) Co., Ltd.	\$ 698	\$ 491
Fellow subsidiary		
Yuanta Bank	22	22
Yuanta Securities Co., Ltd.	100,481	116,881
Yuanta Securities (Hong Kong) Co., Ltd.	3,980	2,467
Yuanta Securities Korea Co., Ltd.	4,121	4,563
Funds managed by fellow subsidiary		
Funds managed by Yuanta Sucurities		
Inventment Trust	140,818	193,864
Other related parties	6,723	5,710
	<u>\$ 256,843</u>	<u>\$ 323,998</u>

L. Dividend income

	For the years ended December 31,	
	2020	2019
Funds managed by fellow subsidiary		
Funds managed by Yuanta Sucurities		
Inventment Trust	\$ 873	\$ 1,125

M. Securities commissions revenue

	For the years ended December 31,	
	2020	2019
Fellow subsidiary		
Yuanta Securities Co., Ltd.	\$ 7,972	\$ 3,419

N. Clearance fee from consignment

	For the years ended December 31,	
	2020	2019
Fellow subsidiary		
Yuanta Securities Co., Ltd.	\$ 35,487	\$ 29,125

O. Futures advisory revenues

	For the years ended December 31,	
	2020	2019
Fellow subsidiary		
Yuanta Securities Co., Ltd.	\$ 93	\$ 105

P. Other operating revenues - Co-marketing revenue

	For the years ended December 31,	
	2020	2019
Fellow subsidiary		
Yuanta Securities Investment Trust	\$ 1	\$ 1
Yuanta Bank	1	-
	<u>\$ 2</u>	<u>\$ 1</u>

Q. Futures commissions expense and consigned/entrusted foreign futures trading commissions

	For the years ended December 31,	
	2020	2019
Subsidiary		
Yuanta Futures (Hong Kong) Co., Ltd.	\$ 6,377	\$ 10,595
Fellow subsidiary		
Yuanta Securities Co., Ltd.	284,601	180,726
Yuanta Securities (Hong Kong) Co., Ltd.	-	6
	<u>\$ 290,978</u>	<u>\$ 191,327</u>

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

R. Service fees

	For the years ended December 31,	
	2020	2019
Fellow subsidiary		
Yuanta Securities Investment Consulting	\$ 3,600	\$ 3,672
Yuanta Securities Co., Ltd.	1,748	1,558
	<u>\$ 5,348</u>	<u>\$ 5,230</u>

S. Interest income

	For the years ended December 31,	
	2020	2019
Subsidiary		
Yuanta Futures (Hong Kong) Co., Ltd.	\$ 845	\$ 1,083
Fellow subsidiary		
Yuanta Bank	105,680	111,499
Yuanta Life Insurance Co., Ltd.	18	-
Yuanta Securities Co., Ltd.	54	54
The directors are the key management		
Taiwan Securities Association	3	3
	<u>\$ 106,600</u>	<u>\$ 112,639</u>

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

T. Interest expense

	For the years ended December 31,	
	2020	2019
Subsidiary		
Yuanta Futures (Hong Kong) Co., Ltd.	\$ 32	\$ 92
Fellow subsidiary		
Yuanta Bank	4	15
Yuanta Securities (Hong Kong) Co., Ltd.	56	498
Yuanta Life Insurance Co., Ltd.	18	-
Yuanta Securities Co., Ltd.	1,522	2,913
Yuanta Securities Korea Co., Ltd.	74	374
Funds managed by fellow subsidiary		
Funds managed by Yuanta Securities		
Investment Trust	11,708	36,911
	<u>\$ 13,414</u>	<u>\$ 40,803</u>

U. Donation expenditure

	For the years ended December 31,	
	2020	2019
Yuanta Cultural & Education Foundation	\$ 2,750	\$ 3,100
Polaris Research	1,190	1,380
	<u>\$ 3,940</u>	<u>\$ 4,480</u>

V. Property transactions

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Acquisition of financial assets		
Funds managed by fellow subsidiary		
Funds managed by Yuanta		
Securities Investment Trust	<u>\$ 1,349</u>	<u>\$ 132,205</u>

The (losses) gains on disposal of funds managed by fellow subsidiary were (\$9,755) and \$8,358 for the years ended December 31, 2020 and 2019, respectively.

In the year 2020, the Company purchased transportation equipment from Yuanta Securities Co., Ltd. and Yuanta Bank. The price of transportation equipment is \$590 and \$850, respectively and classified as equipment.

(4) Key management compensation

	<u>For the years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Salaries and other short-term employee benefits	\$ 180,609	\$ 209,596
Post-employment benefits	5,363	4,757
Other long-term benefits	1,896	1,778
	<u>\$ 187,868</u>	<u>\$ 216,131</u>

8. PLEDGED ASSETS

None.

9. SIGNIFICANT COMMITMENTS AND CONTINGENT LIABILITIES

As of December 31, 2020, the amount for the contracts of capital expenditures signed by the Company is \$173,242. Based on the contracts, the amount that was paid is \$75,878 and the amount that was not yet paid is \$97,364.

10. SIGNIFICANT LOSS FROM NATURAL DISASTER

None.

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11. DERIVATIVE INSTRUMENT TRANSACTIONS

The Company had derivative financial instrument trading as follows:

December 31, 2020						
Item	Object of transaction	Open Interest		Margin paid (received)	Fair value	Remarks
		Buyer /Seller	Number of contract(s) (lot)			
Futures contracts (Domestic)	TX	Buyer	28	\$ 81,660	\$ 82,197	
	TX	Seller	6 (	17,374)	(17,614)	
	MTX	Buyer	252	183,531	185,025	
	MTX	Seller	29 (	21,205)	(21,308)	
	Stock Futures	Buyer	1,823	243,912	270,184	
	Stock Futures	Seller	1,664 (	111,447)	(117,229)	
	TE	Buyer	4	11,457	11,477	
	TF	Seller	4 (	4,994)	(5,114)	
Futures contracts (Overseas)	Grain Futures	Buyer	1	469	494	
	Energy Futures	Buyer	5	8,118	8,129	
	Index Futures	Buyer	6	38,761	39,039	
	Index Futures	Seller	9 (	19,520)	(19,509)	
Option contracts (Domestic)	TXO	Buy call	60	949	1,411	
	TXO	Buy put	396	2,493	1,588	
	TXO	Sell call	372 (	6,995)	(8,687)	
	TXO	Sell put	62 (	196)	(116)	
	Stock options	Buy call	66	300	569	
	Stock options	Buy put	132	667	301	
	Stock options	Sell call	272 (	2,928)	(4,174)	
	Stock options	Sell put	20 (	82)	(44)	
	TEO	Sell call	20 (	205)	(311)	
	TFO	Buy call	20	173	297	

Note: The Company does not have any derivative financial instruments for hedging purpose.

December 31, 2019

Item	Object of transaction	Open Interest		Margin paid (received)	Fair value	Remarks
		Buyer /Seller	Number of contract(s) (lot)			
Futures contracts (Domestic)	TX	Buyer	2	\$ 4,724	\$ 4,798	
	TX	Seller	78 (	187,763)	(187,106)	
	MTX	Buyer	174	104,870	104,381	
	MTX	Seller	31 (	18,673)	(18,591)	
	Stock Futures	Buyer	354	110,528	117,632	
	Stock Futures	Seller	338 (	61,304)	(61,832)	
	Metal Futures	Buyer	1	536	552	
	TF	Buyer	3	4,099	4,075	
Futures contracts (Overseas)	Index Futures	Buyer	59	81,425	81,295	
Option contracts (Domestic)	TXO	Buy call	683	5,502	9,558	
	TXO	Buy put	829	3,255	2,028	
	TXO	Sell call	537 (	2,441)	(2,351)	
	TXO	Sell put	630 (	4,133)	(1,865)	
	TGO	Buy call	13	31	27	
	TGO	Sell call	10 (	24)	(33)	
	TGO	Sell put	2 (	14)	(12)	
	Stock options	Buy put	3	11	6	
	TFO	Buy call	20	19	10	
	TFO	Buy put	40	65	36	
	TFO	Sell call	20 (	10)	(3)	
	TEO	Sell put	10 (	63)	(70)	

Note: The Company does not have any derivative financial instruments for hedging purpose.

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12. RESTRICTIONS AND ENFORCEMENT OF THE COMPANY'S VARIOUS FINANCIAL RATIOS UNDER R.O.C. FUTURES COMMISSION MERCHANTS LAWS

According to Regulations Governing Futures Commission Merchants

Article	Calculation formula	December 31, 2020		December 31, 2019		Standard	Enforcement (Note3)
		Calculation	Ratio	Calculation	Ratio		
17	<i>Equity</i>	11,858,562	9.20	8,856,137	10.38	≥ 1	Satisfied
	<i>(Total liabilities - Future traders' equity)</i>	1,289,338		853,239			
17	<i>Current assets</i>	91,215,855	1.09	68,897,983	1.07	≥ 1	Satisfied
	<i>Current liabilities</i>	83,636,571		64,215,319			
22	<i>Equity</i>	11,858,562	1118.73%	8,856,137	835.48%	$\geq 60\%$ $\geq 40\%$ (Note 2)	Satisfied
	<i>Minimum paid - in capital (Note 1)</i>	1,060,000		1,060,000			
22	<i>Adjusted net capital</i>	8,480,028	54.56%	5,815,160	47.89%	$\geq 20\%$ $\geq 15\%$	Satisfied
	<i>Total margin deposit required for futures traders, not yet off-set</i>	15,541,267		12,143,740			

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

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

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

13. SPECIFIC INHERENT RISKS IN OPERATING AS FUTURES DEALER

- (1) Credit risk is the main risk for engaging in futures brokerage business since the Company must demand collecting trading margin deposits from customers. The credit risk occurs when the customers fail to pay margin deposits. The Company acts as agents for trading futures and options contracts and should pay attention to daily margin credit as to control credit risk. Market risk is also noted in the industry due to dealer business. Dealer business is price index sensitive, therefore, the Company pre-sets stop loss point for risk management purposes.
- (2) The specific risks of the Company's futures brokerage business are outlined below:

Futures trading has a characteristic of low margin. Therefore, the risks of futures trading include: when the futures market trend is unfavorable for customers, futures firms may demand to collect additional trading margin deposits from customers to keep certain margin level. If the customers fail to pay margin deposits in a period prescribed, futures firms have the right to offset the contract amount of the customers by the additional margin deposits demanded. Further, futures firms may incur losses when futures market prices fluctuate drastically and the customers are unable to settle futures contracts.
- (3) See Note 21 for significant financial risk information on futures dealer business.

14. SEGMENT INFORMATION

In accordance to Article 28 of the Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants 28, when futures commission merchants prepare parent company only financial statements, it is not required to prepare segment information within the scope of IFRS 8.

15. SUBSEQUENT EVENTS

None.

16. RELATED INFORMATION OF SIGNIFICANT TRANSACTIONS

- (1) Financing activities to any company or person: None.
- (2) Endorsements and guarantees provided: None.
- (3) Acquisition of real estate properties exceeding \$300 million or 20% of the Company's paid-in capital: None.
- (4) Disposal of real estate properties exceeding \$300 million or 20% of the Companies' paid-in capital: None.
- (5) Handling fee discounts on transactions with related parties in excess of NT\$5,000,000 : None.
- (6) Accounts receivable from related parties reaching \$100 million or over 20% of paid-in capital balance: None.

17. INFORMATION ON INVESTEEES (NOT INCLUDING INVESTEEES IN MAINLAND CHINA)

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

Investor	Investee	Location	Set up date	FSC Approved Number	Main business activities	Initial investment amount		Shares held as at December 31, 2020			Operating revenue of the investee	Net income (loss) of the investee	Investment income (loss) recognized by the Company	Cash dividend for the current period	Note
						Balance as at December 31, 2020	Balance as at December 31, 2019	Number of shares (in thousands)	Ownership (%)	Book value					
Yuanta Futures Co., Ltd.	Yuanta Futures (Hong Kong) Co., Ltd.	Hong Kong	2010.12.2	Gin-Gwen-Zheng-Qi Letter No.0990055943	Financial Services	1,033,971	1,033,971	34,000	100.00%	924,763	\$163,550	(\$ 16,339)	(\$ 16,339)	-	Subsidiaries
Yuanta Futures Co., Ltd.	SYF Information Co., Ltd.	Taiwan	2012.11.9	Gin-Gwen-Zheng-Qi Letter No.1010035210	Information Technology Services	350,000	350,000	35,000	100.00%	282,338	-	(8,214)	(8,214)	-	Subsidiaries

Note: SYF Information (Samoa) Limited was a wholly-owned subsidiary of SYF Information Co. Ltd. However, SYF Information (Samoa) Limited was liquidated on July 17, 2020, please refer to Note 4(3) for more information.

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

- A. Financing activities to any company or person: None.
- B. Endorsements and guarantees provided: None.
- C. Acquisition of real estate properties exceeding \$300 million or 20% of the Company's paid-in capital: None.
- D. Disposal of real estate properties exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Handling fee discounts on transactions with related parties in excess of \$5 million : None.
- F. Accounts receivable from related parties reaching \$100 million or over 20% of paid-in capital: None.
- G. Other: Significant transactions between parent company and subsidiaries: None.

18. DISCLOSURE OF INFORMATION ON SETTING UP BRANCH OFFICES AND REPRESENTATIVE

None.

19. DISCLOSURE OF INFORMATION ON INDIRECT INVESTMENT IN MAINLAND CHINA

(1) Basic information:

Name of investee in Mainland China	Main business activities	Issued capital	Investment method (Note 1)	Beginning balance of foreign investment from Taiwan	Investment movement within this period		Ending balance of foreign investment from Taiwan	Net income (loss) of the investee	Percentage of direct or indirect investment holding (%)	Gain (loss) recognized during the period (Notes 2) (2.C)	Book value as of December 31, 2020	Accumulated gain returned at end of period
					Invested amount	Returned amount						
SYF Information (Shanghai) Limited	Research & development and production of computer software, etc.	\$ 157,209	(3)	\$ 157,209	\$ -	\$ -	\$ 157,209	(\$ 5,879)	100	(\$ 5,879)	\$ 114,991	-

Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
\$ 157,209	\$ 174,000	\$ 7,115,137

Note 1: Investment types are categorised into three sub-sections, as follows:

- (1) Direct investment in entities of Mainland China.
- (2) Reinvest in entities of Mainland China through indirect investment in the third place.
- (3) Through a subsidiary to invest in a company in Mainland China.

Note 2: In the 'Gain (loss) recognised during the period' column:

- (1) It should be indicated if the investee was still in the incorporation stage and had not yet any profit during this period.
- (2) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:
 - A. The financial statements that are audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
 - B. The financial statements that are audited and attested by R.O.C. parent company's CPA.
 - C. Others.

Note 3: The numbers in this table are expressed in New Taiwan Dollars.

(2) Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas: None.

20. MAJOR SHAREHOLDERS INFORMATION

Futures commission merchants, whose stocks are listed for trading on the stock exchange or over-the-counter exchange, shall disclose the name, the number of shares held and shareholding ratio of the shareholders with a shareholding ratio of 5 percent or greater.

Shares	Number of shares held (thousands)	Shareholding ratio
Major Shareholder		
Yuanta Financial Holdings Co., Ltd.	192,167	66.27%
Cathay Life Insurance Co., Ltd.	23,998	8.27%
Luo Sheng Fong Co., Ltd.	17,711	6.10%

21. FINANCIAL RISK MANAGEMENT

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company adopted to strengthen risk-adjusted return on capital, which allocated the Company's capital effectively.

(2) Financial instruments

The methods of reporting derivative financial instruments on financial statements: please refer to the Notes 6(1), 6(2), 6(23).

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Inputs that are quoted prices (unadjusted) in active markets for identical assets or liabilities. An active market has to satisfy all the following conditions: a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in listed stocks, beneficiary certificates and derivative instruments with quoted market prices is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data. The fair value of the Company's investment in equity investment without active market is included in Level 3.

B. Financial instruments not measured at fair value

(A) The carrying amounts of cash and cash equivalents, margin deposits, futures trading margin receivable, security leading deposits, accounts receivable, accounts receivable – related parties, other receivable, other receivable – related parties, leverage margin contract trading client margin deposits, other current assets, operating guarantee deposits, clearing and settlement funds, refundable deposits, futures traders' equity, leverage margin contract transaction traders' equity, accounts payable, accounts payable – related parties, other payables, other payables – related parties and other current liabilities are approximate to their

fair values.

C. The related information of financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities as at December 31, 2020 and 2019 is as follows:

December 31, 2020	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Assets</u>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Listed stocks	\$ 178,080	\$ -	\$ -	\$ 178,080
Beneficiary certificates	601,666	-	-	601,666
Futures	62,741	-	-	62,741
Options	4,166	-	-	4,166
Derivatives Assets - Leverage margin contract transaction	-	13,537	-	13,537
Financial assets at fair value through other comprehensive income				
Equity securities	<u>759,128</u>	<u>-</u>	<u>1,514,827</u>	<u>2,273,955</u>
Total	<u>\$ 1,605,781</u>	<u>\$ 13,537</u>	<u>\$ 1,514,827</u>	<u>\$ 3,134,145</u>
<u>Liabilities</u>				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Options	\$ 13,332	\$ -	\$ -	\$ 13,332
Security borrowing payable - non-hedging	<u>207,340</u>	<u>-</u>	<u>-</u>	<u>207,340</u>
Total	<u>\$ 220,672</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 220,672</u>

(Blank)

December 31, 2019	Level 1	Level 2	Level 3	Total
<u>Assets</u>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Listed stocks	\$ 74,289	\$ -	\$ -	\$ 74,289
Beneficiary certificates	133,747	-	-	133,747
Futures	15,774	-	-	15,774
Options	11,665	-	-	11,665
Derivatives Assets - Leverage margin contract transaction	-	17,218	-	17,218
Financial assets at fair value through other comprehensive income				
Equity securities	581,447	-	1,518,539	2,099,986
Total	<u>\$ 816,922</u>	<u>\$ 17,218</u>	<u>\$ 1,518,539</u>	<u>\$ 2,352,679</u>
<u>Liabilities</u>				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Options	\$ 4,334	\$ -	\$ -	\$ 4,334
Security borrowing payable - non-hedging	66,943	-	-	66,943
Total	<u>\$ 71,277</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71,277</u>

D. The methods and assumptions the Company used to measure fair value are as follows:

- (A) The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the closing price. These instruments are included in level 1. Instruments included in level 1 comprise primarily equity instruments and debt instruments classified as financial assets/financial liabilities at fair value through profit or loss, or financial assets at fair value through other comprehensive income.
- (B) The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- (C) If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.
- (D) Specific valuation techniques used to value financial instruments include:
 - a. Quoted market prices or dealer quotes for similar instruments.
 - b. Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

E. For the years ended December 31, 2020 and 2019, there were no transfer between Level 1 and Level 2.

F. The following table presents the changes in level 3 instruments for the years ended December 31, 2020 and 2019.

	Equity securities
January 1, 2020	\$ 1,518,539
Gains and losses recognised in other comprehensive income (Note)	(3,712)
December 31, 2020	\$ 1,514,827
	Equity securities
January 1, 2019	\$ 1,404,019
Gains and losses recognised in other comprehensive income (Note)	114,520
December 31, 2019	\$ 1,518,539

Note: Recorded as unrealised valuation gain or loss on financial assets at fair value through other comprehensive income.

G. The following is the quantitative information of significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity					
Non-listed stocks	\$ 1,514,827	Market approach	Discount of marketability	40%	The higher the discount of marketability, the lower the fair value
	Fair value at December 31, 2019	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity					
Non-listed stocks	\$ 1,518,539	Market approach	Discount of marketability	40%	The higher the discount of marketability, the lower the fair value

H. The valuation process for fair values classified at Level 3 is the responsibility of the risk management department, which verifies the financial instrument's fair value. The result of the evaluation is then reviewed and approved by the risk management department of the Company's parent company. The risk management department evaluates the independence, reliability, consistency, and representativeness of the information source, and periodically verifies the valuation model and calibrates the valuation parameters, ensuring the valuation process and valuation results are in accordance with IFRS's requirements.

I. Use of different valuation models or assumptions may result in difference measurement. The following is the effect of profit or loss or of other comprehensive income from financial instruments categorised within Level 3 if the valuation input of financial instrument classified in Level 3 moves upward or downward by 1%:

		December 31, 2020	
		Recognised in other comprehensive income	
		Favourable change	Unfavourable change
Financial assets			
Equity instrument	\$	5,050	(\$ 5,050)
		December 31, 2019	
		Recognised in other comprehensive income	
		Favourable change	Unfavourable change
Financial assets			
Equity instrument	\$	5,062	(\$ 5,062)

(4) System of risk management

A. Objectives of risk management

The Company controls any potential losses that might incur in operations within its tolerable limits by increasing completeness of risk management mechanism, establishing efficient risk management measures, models and systems, and monitoring the changes of whole risks strictly.

B. Risk management system

The Company's risk management system is in compliance with the "Risk Management Policy" of Yuanta Financial Holding Co., Ltd. and "Risk Management Practice Principles for Futures Commission Merchants" of Taiwan Futures Exchange. The Company has established the Risk Management Policy, which is the internally highest risk management standard authorised by the Board of Directors, comprising objectives, scopes, powers and responsibilities, and procedures of risk management.

C. Organizational structure of risk management

(A) The Company's organizational structure of risk management comprises the Board of Directors, Audit Committee, high management level, Risk Management Department, Legal Compliance Department, Auditing Office, each business unit and each functional committee; they all together form three lines of defense for risk management.

- a. First line of defense: this includes each business unit and each functional committee, whose personnel are serving in the operational or administration division and have responsibilities for risk identification, risk assessment and risk control.
- b. Second line of defense: this includes high management level, Risk Management Department and Legal Compliance Department, which are responsible for risk monitoring, risk management and taking measures in response to risk issues in accordance with the Company's Risk Management Policy. The Company also takes part in the Risk Management Committee of Yuanta Financial Holding Co., Ltd. for integration of risk control and management in the Company.
- c. Third line of defense: this includes the Board of Directors, Audit Committee and Auditing Office. Auditing Office conducts audits especially in the risk consideration to ensure every risk is under control.

(B) The function of each unit in the structure of risk management of the Company is as follows:

- a. The Board of Directors: The Board of Directors has ultimate responsibility for risk management on all businesses and operations in the Company; it shall be fully aware of every risk exposure to the Company, and then determines tolerable limit for every risk, allocates resources effectively, and authorizes relevant departments to execute risk measures for the achievement of effective risk management. The Board of Directors hears risk management and other related reporting by Risk Management Department, Auditing Office and Finance Department regularly to evaluate the impact of every risk and the impact on capital allocation, and determines responding strategies.
- b. Audit Committee: Audit Committee directs the execution of the risk management system under the commission of the Board of Directors; its main duties include review of the Company's risk scopes and risk toleration capability, of the Risk Management Policy and relevant principles, and of annual authorised acceptable limit of risk of each kind, as well as directing the execution of the risk management system.
- c. Risk Management Department: this department, an independent department under the Board of Directors, is responsible for market risk, liquidity risk and credit risk management, and controls operational risk with Auditing Office together; its main duties include daily risk monitoring and assessments of risk management affairs. Risk Management Department exercises its authority independently from business units and trading activities, and holds accountability to the Board of Directors directly. By employing the risk management information system, Risk Management Department checks the use status of risk limits authorized to each business unit, and assesses risk exposures and extent of risk concentration, and submits risk management reports regularly..
- d. Auditing Office: Auditing Office, an independent department under the Board of Directors, is responsible for legislation and internal control system compliance management, operational risk management and supervision of operational risk management procedures. In accordance with the internal control rules of regulatory authorities, and adjusted operational risk management procedures appropriately in line with the amendments to the regulations of regulatory authorities, Taiwan Futures Exchange and Chinese National Futures Association or for the changes in the Company's business.
- e. Legal Compliance Department: this department is responsible for review of legal compliance for the Company's businesses, operations, trading and transaction contracts/documents and offering legal options on those aspects and pushing the execution of legal compliance within the Company together with Auditing Office.
- f. Each business unit: Each business unit is liable for the first-line risk management. The directors of each business unit are in charge of the whole risk management on businesses and trading activities of the unit, including analyzing and controlling risk exposures, drawing up responding plans and taking measures against risk when necessary, and also conveying related information to Risk Management Department to ensure the risk control mechanism and procedures are all effectively executed, and comply with the legislation and the Company's Risk Management Policy and regulations.

D. Procedures of risk management

The Company's procedures of risk management include risk identification, risk measurement, risk management and risk reporting. The design of these procedures is to ensure all risks faced by the Company can be effectively controlled.

- (A) Risk identification: The Company identifies risks, through business and product analyses, that may arise during the courses of operations, including market risk, credit risk, liquidity risk, operational risk, legal risk and model risk, and finds out risk factors of risk exposure of each kind, selects appropriate method of risk measurement, and establishes risk indexes and judgment principles and risk control procedures that can be connected to the internal information system.
- (B) Risk management: The Company measures market risk by using scenario analysis, sensitivity analysis and VaR model and credit risk by using the credit rating system, option pricing model and following the Company's credit risk assessment rules. Operational risk is controlled by establishing standard operating procedures, establishing internal and external event notification mechanism, reviewing current operating procedures and employing operational risk management methods.
- (C) Risk management: Risk monitoring and control are performed through the establishment of acceptable limits of risks and division of authority and responsibilities. Different risk management tools and information systems and statements are developed and employed for different risks to raise the efficiency and quality of risk management.
- (D) Risk reporting: Risk information and risk management performing results are compiled as risk management statements or reports. These results are disclosed periodically and provided as a reference to the management in making risk management policy and rules.

E. Hedging and risk diminishing strategies

The Company has established hedging tools and hedging mechanisms for risks of each business based on its capital scale and risk toleration capability. Through hedging mechanisms, the Company may restrict risks within authorised limits, and employ authorised financial instruments, based on market conditions, business strategies, characteristics of commodities and risk management rules, to adjust risk positions within acceptable levels.

(5) Market risk

The Company's financial assets include bank deposits, other short-term notes and bills authorised by Ministry of Finance, domestic listed stocks, securities investment trust funds, offshore funds authorised by competent authorities to be raised and sold in ROC, futures trust funds, futures trading listed in Article 5 of Futures Trading Act, other financial instruments authorised by competent authorities. The fair value of these financial assets would be changed by the fluctuations of market prices or interest rates.

To manage market risk, the Company has established the Rules of Financial Instruments Investment Risk Management, and established various control mechanisms based on the characteristics of financial instrument risks, such as position limits, profit and loss limits, and special authorization. The Company also conducts market risk quantitative management by employing VaR model in the measurement and control of market risk of each position.

Through the VaR model, the Company measures market risk by estimating maximum possible losses of the trading positions for the next day at the 99% confidence level. According to the types of trading, the VaR of equity trading, commodity trading, foreign-exchange-rate trading and interest-rate trading are as follows:

<Table>VaR of Trading of Different Types

Period: January 1 ~ December 31, 2020

Amount in thousands of NTD

Type of Trading	Foreign					Total
	Equity	Commodity	Exchange Rate	Interest Rate		
December 31, 2020	\$ 4,509	\$ 794	\$ 715	\$ -		\$ 4,743
Average	4,292	321	478	-		4,211
Lowest	521	2	270	-		590
Highest	49,719	1,538	1,676	-		48,760

Period: January 1 ~ December 31, 2019

Amount in thousands of NTD

Type of Trading	Foreign					Total
	Equity	Commodity	Exchange Rate	Interest Rate		
December 31, 2019	\$ 1,613	\$ 19	\$ 308	\$ -		\$ 1,492
Average	8,868	1,418	1,676	-		9,581
Lowest	767	-	307	-		760
Highest	28,244	5,028	8,441	-		27,654

Note 1 : Trading included futures dealer trading and securities dealer trading but not including medium and long-term securities investment.

Note 2 : Total category of value-at-risk may be less than the amount of value-at-risk of equity, commodity, foreign exchange rate and interest rate, that's due to diversification effects between different categories.

To ensure the VaR model can reasonably, completely and correctly measure the maximum potential risk of the financial instrument or portfolio, the Company continues to run model validation and back testing to ensure that the Company's VaR model can reasonably measure maximum potential losses of financial instruments or portfolios.

(6) Credit risk

A. The Company is exposed to credit risk from financial trading, including issuer credit risk, counterparty credit risk and underlying asset credit risk.

(A) Issuer credit risk occurs when issuer (or guarantor) of the financial debt instruments held by the Company or bank with which the Company deposits money fails to fulfill contractual obligations (or guarantor's obligations) because of its default, bankruptcy or liquidation, which would cause a financial loss to the Company.

(B) Counterparty credit risk occurs when counterparty of the financial instrument transaction undertaken by the Company fails to fulfill settlement or payment obligation on the appointed day, which would cause a financial loss to the Company.

(C) Underlying asset credit risk refers to the risk of loss that may arise from deterioration of credit quality of the underlying asset linked to the financial instruments or increasing of credit risk premium or downgrade of credit rating or contract default.

B. The financial assets of the Company with credit risk include bank deposits, OTC derivative trade, repurchase agreement/reverse repurchase agreement of bonds (bills), deposits for securities borrowing and lending trade, margins for futures trade, other refundable deposits¹ and receivables².

(A) Analysis of concentration of credit risk

a. Geographic location:

Percentages of credit risk exposure amounts of the Company's financial assets by geographic area were as follows (see the table below): As of December 31, 2020, the highest was Taiwan with 89.26%, the second was Europe with 6.30% and the third was Asia (excluding Taiwan) with 4.23%. Compared to the same period last year, the proportion of investments in Asia has decreased slightly in this period.

	December 31, 2020	December 31, 2019
Taiwan	\$ 81,429,606	\$ 59,374,695
Asia (excluding Taiwan)	3,854,947	4,599,649
Europe	5,744,579	3,062,327
America	195,532	1,774,298
Other	1,530	1,611
Total	<u>\$ 91,226,194</u>	<u>\$ 68,812,580</u>

b. Industry:

Percentages of credit risk exposure amounts of the Company's financial assets by industry were as follows (see the table below): Financial institutions accounted for 99.41% with other industry sectors representing less than 1%. Credit risk is concentrated in financial institutions because the Company's own funds and margins received from customers were both deposited with financial institutions, and counterparties of derivative trade undertaken by the Company were banks, futures clearing and settlement institution and re-consigned futures firms. The percentages distribution did not change significantly in this period compared to the corresponding period of last year.

	December 31, 2020	December 31, 2019
Privately owned businesses	\$ 401,587	\$ -
Financial institutions	90,683,573	68,790,718
Public enterprises	4	4
Other	141,030	21,858
Total	<u>\$ 91,226,194</u>	<u>\$ 68,812,580</u>

¹ Other refundable deposits include operating guarantee deposits, clearing and settlement funds and refundable deposits.

² Receivables include accounts receivable, other receivables and brokerage trading receivables.

(B) Analysis of credit risk levels

- a. Credit risk rating is categorised into Excellent, Standard, Below standard, Other and the definitions are illustrated below:
- (a) Excellent: The underlying position or an entity is capable of fulfilling its financial commitment even if facing significant uncertain factors or exposed to an adverse condition.
 - (b) Standard: The underlying position or an entity's capacity to fulfill the contractual obligation is at an acceptable level, and any adverse movement toward operation, finance or economy could further weaken its capacity to fulfil financial commitment.
 - (c) Below standard: The underlying position or an entity's capacity to fulfill the contractual obligation is weak, and the fulfillment of the contractual commitment depends on the advantageous movement in operating environment and financial status.
 - (d) Other: This level shows that the counterparty or the underlying asset does not fulfill contractual obligations, or for other reasons fails to (or not) be applied with the internal credit risk ratings.
- b. As of December 31, 2020, the credit quality levels of the Company's financial assets were classified as follows: Excellent is 97.49%, standard is 2.36%. The result of credit quality level classification did not change significantly in this period compared to the corresponding period of last year with financial assets with standard credit quality decreasing in proportion slightly.

	December 31, 2020	December 31, 2019
Excellent	\$ 88,932,418	\$ 64,556,435
Standard	2,153,890	4,243,245
Below standard	139,886	12,900
Total	<u>\$ 91,226,194</u>	<u>\$ 68,812,580</u>

- C. The Company adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
- (A) The Company determines that there has been a significant increase in credit risk on a receivable (futures trading margin receivable and other receivables) if it is either past due over 30 days or in violation of the terms of the agreement.
 - (B) Refundable deposits that have not been returned and the number of days past the refund date is more than 30, excluding deposits not returned due to specific conditions set in the contract.
 - (C) At the balance sheet date, a debt instrument is considered to have significant increase in credit risk if the credit rating of the credit reference subject is non-investment grade and any of the following conditions apply:
 - a. The credit rating of the credit reference subject has dropped by more than one scale since initial recognition.
 - b. The implicit credit spread of the debt instrument has increased by a certain number of basis points since initial recognition.

(D) The definition of a financial asset in default

- a. The Company adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.
- b. A debt instrument investment is considered in default if any of the following conditions apply:
 - (a) Bond was credit-impaired at the time of purchase.
 - (b) At the financial reporting date, the bond is rated as “in default.”
 - (c) Interest or principal payments have not been made in accordance with the issuance terms.
 - (d) Due to credit condition of the issuer, the issuance terms were changed so that interest payments were delayed or not made at all.
 - (e) The issuer or guarantor has ceased operations, applied for reorganization, filed for bankruptcy, dissolved, or sold assets that have a significant impact on the company’s ability to continue as a going concern.

(E) Write off policy

If the Company cannot reasonably expect to recover the entire or part of the financial asset, it will write off the entire or part of the financial asset.

(F) Measurement of expected credit loss and consideration of forward-looking information

Futures trading margin receivable

Obtain historical loss rates (based on the historical losses from the past three years, compare the current and past economic environments to the predicted future environment (forward-looking factor) and determine if there is a significant change; adjust the estimate for future loss rates accordingly).

- a. The total carrying amount, allowance for losses, and maximum exposure of “futures trading margin receivable” of the Company are as follows:

	December 31, 2020			
	12 months Without past due or within 30 days	Lifetime		Total
		Significant increase in credit risk More than 30 days	Credit impaired More than 90 days	
Expected loss rate	0%	99.29%	100%	
Total book value	\$ -	\$ -	\$ 120,901	\$120,901
Loss allowance	\$ -	\$ -	(\$ 120,901)	(\$120,901)
Maximum exposure amount	\$ -	\$ -	\$ -	\$ -

	December 31, 2019			
		Lifetime		
	12 months	Significant increase in credit risk	Credit impaired	
	Without past due or within 30 days	More than 30 days	More than 90 days	Total
Expected loss rate	0%	97.84%	100%	
Total book value	\$ -	\$ -	\$ 86,409	\$ 86,409
Loss allowance	\$ -	\$ -	(\$ 86,409)	(\$ 86,409)
Maximum exposure amount	\$ -	\$ -	\$ -	\$ -

b. Movements in loss allowance for futures trading margin receivable is as follows:

	For the year ended December 31, 2020			
		Lifetime		
	12 months	Significant increase in credit risk	Credit impaired	
	Without past due or within 30 days	More than 30 days	More than 90 days	Total
January 1, 2020	\$ -	\$ -	(\$ 86,409)	(\$ 86,409)
Provision for impairment	-	-	(39,021)	(39,021)
Reversal of impairment loss	-	-	4,529	4,529
Write off	-	-	-	-
December 31, 2020	\$ -	\$ -	(\$ 120,901)	(\$120,901)

	For the year ended December 31, 2019			
		Lifetime		
	12 months	Significant increase in credit risk	Credit impaired	
	Without past due or within 30 days	More than 30 days	More than 90 days	Total
January 1, 2019	\$ -	(\$ 2,326)	(\$ 86,810)	(89,136)
Provision for impairment	-	-	(1,829)	(1,829)
Reversal of impairment loss	-	1,018	2,230	3,248
Write off	-	1,308	-	1,308
December 31, 2019	\$ -	\$ -	(\$ 86,409)	(\$ 86,409)

(7) Liquidity risk analysis

- A. Liquidity risk of capital refers to the risk arising from the Company's inability to raise funds adequately in a period, which makes it unable to fulfill repayment or disbursement obligations on the expiry days. For liquidity risk management, the Company has established a warning system based on the nature of its businesses, including capital liquidity index, current ratio, loan lines granted by financial institutions and capital shortfall indication, which can estimate in advance the possible capital shortfall in certain periods and help the Company be aware of the overall liquidity risk of capital; the Company has also established a fund procurement plan in response to the occurrence of systematic risk events or exceptional capital flows. For the realization, marketability and safety of current assets, the Company has established the rules of capital risk management, which state the Company's bank deposits, bond trade, repo trade, etc. must meet certain level above of the internal rating and their positions and liquidity shall be monitored regularly.

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B. The information about the maturity of the Company's financial liabilities is shown below. The Company's working capital is sufficient enough to meet its funding requirements in the future. Therefore it has no liquidity risk that would arise from inability to raise funds to fulfill repayment or disbursement obligations.

Cash flow analysis of financial liabilities on December 31, 2020

Accounts	Financial liabilities	Payment period					Total
		Prevailing Period	Less than 3 months	3 ~ 12 months	1~5 years	Over 5 years	
212000	Financial liabilities at fair value through profit or loss -current	\$ 220,672	\$ -	\$ -	\$ -	\$ -	\$ 220,672
214080	Futures traders' equity	82,588,649	-	-	-	-	82,588,649
214100	Leverage margin contract transaction traders' equity	243,573	-	-	-	-	243,573
214130	Accounts payable	1,632	156,279	-	-	-	157,911
214140	Accounts payable-related parties	-	23,586	-	-	-	23,586
214170	Other payables	-	220,175	12,872	7,805	197	241,049
214180	Other payables-related parties	-	225	-	-	-	225
216000	Lease liabilities - current	-	5,516	32,279	-	-	37,795
219000	Other current liabilities	-	11,961	7,623	-	-	19,584
226000	Lease liabilities - non-current	-	-	-	159,509	-	159,509
	Total	<u>\$ 83,054,526</u>	<u>\$ 417,742</u>	<u>\$ 52,774</u>	<u>\$ 167,314</u>	<u>\$ 197</u>	<u>\$ 83,692,553</u>
	Percentage (%) of overall	99.24%	0.50%	0.07%	0.19%	0.00%	100.00%

Cash flow analysis of financial liabilities on December 31, 2019

Accounts	Financial liabilities	Payment period					Total
		Prevailing Period	Less than 3 months	3 ~ 12 months	1~5 years	Over 5 years	
212000	Financial liabilities at fair value through profit or loss -current	\$ 71,277	\$ -	\$ -	\$ -	\$ -	\$ 71,277
214080	Futures traders' equity	63,440,289	-	-	-	-	63,440,289
214100	Leverage margin contract transaction traders' equity	225,185	-	-	-	-	225,185
214130	Accounts payable	1,858	102,756	-	-	-	104,614
214140	Accounts payable-related parties	-	14,505	-	-	-	14,505
214170	Other payables	-	44,635	195,835	1,899	197	242,566
214180	Other payables-related parties	-	1,296	-	-	-	1,296
216000	Lease liabilities - current	-	5,854	17,392	-	-	23,246
219000	Other current liabilities	-	9,982	3,619	-	-	13,601
226000	Lease liabilities - non-current	-	-	-	8,402	-	8,402
	Total	<u>\$ 63,738,609</u>	<u>\$ 179,028</u>	<u>\$ 216,846</u>	<u>\$ 10,301</u>	<u>\$ 197</u>	<u>\$ 64,144,981</u>
	Percentage (%) of overall	99.37%	0.28%	0.34%	0.01%	0.00%	100.00%

The analysis of cash flow gap on December 31, 2020

Accounts	Financial assets	Receipt period					Total
		Prevailing Period	Less than 3 months	3 ~ 12 months	1~5 years	Over 5 years	
111100	Cash and cash equivalents	\$ 1,232,359	\$ 1,175,200	\$ 3,788,400	\$ -	\$ -	\$ 6,195,959
112000	Financial assets at fair value through profit or loss-current	860,190	-	-	-	-	860,190
113200	Financial assets at fair value through other comprehensive income-current	655,432	-	-	-	-	655,432
114070	Margin deposits	82,809,012	-	-	-	-	82,809,012
114080	Futures trading margin receivable	120,901	-	-	-	-	120,901
114100	Security lending deposits	169,187	-	-	-	-	169,187
114130	Accounts receivable	-	199,609	-	-	-	199,609
114140	Accounts receivable-related parties	-	3,569	-	-	-	3,569
114170	Other receivables	-	18,934	41	-	-	18,975
114180	Other receivables-related parties	-	3,876	-	-	-	3,876
114300	Leverage margin contract trading client margin deposits	294,448	-	-	-	-	294,448
119990	Other current assets	-	23	-	-	-	23
123200	Financial assets at fair value through other comprehensive income-non-current	-	-	-	-	1,618,523	1,618,523
129010	Operating guarantee deposits	-	-	-	-	140,000	140,000
129020	Clearing and settlement funds	-	-	-	-	548,092	548,092
129030	Refundable deposits	-	243	4,911	35,302	-	40,456
	Subtotal	<u>\$ 86,141,529</u>	<u>\$ 1,401,454</u>	<u>\$ 3,793,352</u>	<u>\$ 35,302</u>	<u>\$ 2,306,615</u>	<u>\$ 93,678,252</u>
	Cash inflow	<u>\$ 86,141,529</u>	<u>\$ 1,401,454</u>	<u>\$ 3,793,352</u>	<u>\$ 35,302</u>	<u>\$ 2,306,615</u>	<u>\$ 93,678,252</u>
	Cash outflow	<u>83,054,526</u>	<u>417,742</u>	<u>52,774</u>	<u>167,314</u>	<u>197</u>	<u>83,692,553</u>
	The amount of capital gap	<u>\$ 3,087,003</u>	<u>\$ 983,712</u>	<u>\$ 3,740,578</u>	<u>(\$ 132,012)</u>	<u>\$ 2,306,418</u>	<u>\$ 9,985,699</u>

The analysis of cash flow gap on December 31, 2019

Accounts	Financial assets	Receipt period					Total
		Prevailing Period	Less than 3 months	3 ~ 12 months	1~5 years	Over 5 years	
111100	Cash and cash equivalents	\$ 862,980	\$ 1,815,216	\$ 1,379,164	\$ -	\$ -	\$ 4,057,360
112000	Financial assets at fair value through profit or loss-current	252,693	-	-	-	-	252,693
113200	Financial assets at fair value through other comprehensive income-current	581,447	-	-	-	-	581,447
114070	Margin deposits	63,603,276	-	-	-	-	63,603,276
114080	Futures trading margin receivable	86,409	-	-	-	-	86,409
114100	Security lending deposits	45,844	-	-	-	-	45,844
114130	Accounts receivable	-	55,995	-	-	-	55,995
114140	Accounts receivable-related parties	-	2,377	-	-	-	2,377
114170	Other receivables	-	30,197	-	-	-	30,197
114180	Other receivables-related parties	-	4,464	-	-	-	4,464
114300	Leverage margin contract trading client margin deposits	258,250	-	-	-	-	258,250
119990	Other current assets	-	18	-	-	-	18
123200	Financial assets at fair value through other comprehensive income-non-current	-	-	-	-	1,518,539	1,518,539
129010	Operating guarantee deposits	-	-	-	-	140,000	140,000
129020	Clearing and settlement funds	-	-	-	-	535,686	535,686
129030	Refundable deposits	-	-	-	34,474	-	34,474
	Subtotal	\$ 65,690,899	\$ 1,908,267	\$ 1,379,164	\$ 34,474	\$ 2,194,225	\$ 71,207,029
	Cash inflow	\$ 65,690,899	\$ 1,908,267	\$ 1,379,164	\$ 34,474	\$ 2,194,225	\$ 71,207,029
	Cash outflow	63,738,609	179,028	216,846	10,301	197	64,144,981
	The amount of capital gap	\$ 1,952,290	\$ 1,729,239	\$ 1,162,318	\$ 24,173	\$ 2,194,028	\$ 7,062,048

(8) Currency risk

- A. The Company's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

(Foreign currency: functional currency)

Financial instrument	December 31, 2020		December 31, 2019	
	Foreign currency (In thousands)	Exchange rate	Foreign currency (In thousands)	Exchange rate
<u>Financial assets</u>				
<u>Monetary items</u>				
USD/NTD	\$ 1,223,264	28.4800	\$ 1,080,059	29.9800
JPY/NTD	409,855	0.2763	450,194	0.2760
HKD/NTD	102,939	3.6730	118,124	3.8490
EUR/NTD	9,394	35.0200	14,979	33.5900
GBP/NTD	13,218	38.9000	6,926	39.3600
AUD/NTD	5,495	21.9500	5,346	21.0050
SGD/NTD	805	21.5600	555	22.2800
CNY/NTD	98,790	4.3770	99,350	4.3050
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD/NTD	\$ 1,213,331	28.4800	\$ 1,042,784	29.9800
JPY/NTD	399,263	0.2763	445,428	0.2760
HKD/NTD	101,186	3.6730	114,290	3.8490
EUR/NTD	9,378	35.0200	14,961	33.5900
GBP/NTD	13,211	38.9000	6,914	39.3600
AUD/NTD	5,488	21.9500	5,341	21.0050
SGD/NTD	802	21.5600	554	22.2800
CNY/NTD	97,472	4.3770	99,457	4.3050

- B. The total exchange gains and losses, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2020 and 2019 amounted to (\$15,991) and (\$17,306), respectively.

YUANTA FUTURES CO., LTD.
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount
Cash:		
Petty cash		\$ 30
Checking deposits		15
Demand deposits		
New Taiwan dollar		77,134
Foreign currency	EUR \$4, exchange rate 35.0200	157
(in thousands)	AUD \$4, exchange rate 21.9500	88
	GBP \$1, exchange rate 38.9000	57
	HKD \$48, exchange rate 3.6730	175
	JPY \$5,221, exchange rate 0.2763	1,442
	USD \$384, exchange rate 28.4800	10,923
	CNY \$184, exchange rate 4.3770	805
Time deposits		
New Taiwan dollar	expiring within one year, interest rate 0.080%~1.035%	4,963,600
		<u>5,054,426</u>
Cash equivalents:		
Excess futures margin deposits		498,394
Excess margin in foreign		
exchange margin trading		53,817
Commercial paper with resale		
agreements		
Ta Ching Bills Finance	interest rate 0.22%, expiring date: 2021/01/15	199,770
Ta Ching Bills Finance	interest rate 0.21%, expiring date: 2021/01/18	69,882
Ta Ching Bills Finance	interest rate 0.21%, expiring date: 2021/01/28	79,911
Ta Ching Bills Finance	interest rate 0.26%, expiring date: 2021/01/25	54,956
Ta Ching Bills Finance	interest rate 0.26%, expiring date: 2021/02/01	79,956
International Bills Finance	interest rate 0.21%, expiring date: 2021/01/11	49,925
International Bills Finance	interest rate 0.23%, expiring date: 2021/02/19	54,922
		<u>589,322</u>
		<u>\$ 6,195,959</u>

YUANTA FUTURES CO., LTD.
STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT
DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Name of financial instrument	Description	Shares or units (in thousands)	Face value	Total amount (in thousands)	Interest rate	Cost	Fair value		Amount of the fair value attributable to change in the credit risk	Note
							Unit price (dollars)	Total amount		
<u>Listed stocks</u>										
Elite Semiconductor Microelectronics Tech Inc		246				\$ 15,257	\$ 64.70	\$ 15,916		
GREAT WALL ENTERPRISE CO., LTD.		270				12,799	50.80	13,716		
TAISUN ENTERPRISE CO.,LTD.		360				8,493	27.60	9,936		
SANYANG MOTOR CO., LTD.		268				6,360	35.70	9,567		
TA YA ELECTRIC WIRE & CABLE		200				3,936	20.10	4,020		
China Steel Corporation		149				3,656	24.75	3,687		
FARADAY TECHNOLOGY CORP.		69				3,531	50.90	3,512		
CHINA PETROCHEMICAL DEVELOPMENT CORPORATION		313				3,373	11.65	3,647		
CATHAY FINANCIAL HOLDING CO., LTD.		78				3,282	42.25	3,295		
HON HAI PRECISION IND. CO., LTD.		33				3,015	92.00	3,036		
Pan-International Industrial Corp.		126				2,987	25.65	3,231		
ECLAT TEXTILE CO., LTD.		7				2,906	422.50	2,957		
Wiwynn Corporation		4				2,893	704.00	2,956		
SHINKONG SYNTHETIC FIBERS CORPORATION		188				2,676	14.25	2,679		
WPG HOLDINGS LIMITED		64				2,611	42.90	2,745		
WALSIN LIHWA CORPORATION		132				2,527	19.30	2,548		
Taiwan High Speed Rail Corporation		76				2,377	31.70	2,409		
TAIWAN FERTILIZER CO., LTD.		40				2,144	54.20	2,168		
SYSTEX CORPORATION		24				2,102	87.70	2,105		
Everlight Electronics Co., Ltd.		54				2,049	42.20	2,279		
CHUNG-HSIN ELECTRIC & MACHINERY MFG. CORP.		35				1,917	53.60	1,876		
Qisda Corporation		73				1,915	28.95	2,113		
GRAND PACIFIC PETROCHEMICAL CORPORATION		79				1,890	23.75	1,876		
AcBel Polytech Inc.		65				1,888	28.95	1,882		
SUNPLUS TECHNOLOGY CO.,LTD.		110				1,885	18.30	2,013		
Longchen Paper & Packaging Co., Ltd.		86				1,779	23.25	2,007		
NOVATEK MICROELECTRONICS CORP.		6				1,777	369.00	2,214		

YUANTA FUTURES CO., LTD.
STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT (Cont.)
DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Name of financial instrument	Description	Shares or units (in thousands)	Face value	Total amount (in thousands)	Interest rate	Cost	Fair value		Amount of the fair value attributable to change in the credit risk	Note
							Unit price (dollars)	Total amount		
<u>Listed stocks</u>										
Alpha Networks Inc.		58				\$ 1,769	\$ 31.25	\$ 1,813		
UNI-PRESIDENT ENTERPRISES CORP.		25				1,638	67.50	1,688		
TONG YANG INDUSTRY CO.,LTD		42				1,620	39.00	1,638		
Wistron NeWeb Corporation		20				1,564	77.70	1,554		
SHENG YU STEEL CO., LTD.		66				1,562	25.00	1,650		
FOXCONN TECHNOLOGY CO., LTD		24				1,298	53.40	1,282		
NAN YA PLASTICS CORPORATION		17				1,169	71.90	1,222		
INVENTEC CORPORATION		52				1,164	24.00	1,248		
AU Optronics Corp.		76				1,157	14.00	1,064		
CHIN-POON INDUSTRIAL CO., LTD.		35				1,069	31.70	1,110		
RUENTEX INDUSTRIES LIMITED		14				970	69.70	976		
ZINWELL CORPORATION		50				953	19.75	987		
Taiwan Paiho Limited		13				946	74.00	962		
Synnex Technology International Corp.		22				940	47.00	1,034		
Highwealth Construction Corp.		20				918	45.85	917		
HUAKU DEVELOPMENT CO., LTD.		10				883	87.80	878		
OPTOTECH CORPORATION		32				829	27.50	880		
INNOLUX CORPORATION		52				796	14.10	733		
TA CHEN STAINLESS PIPE CO., LTD.		26				789	31.30	814		
Cheng Shin Rubber Ind., Co., Ltd.		18				769	44.05	793		
TXC CORPORATION		10				744	74.90	749		
HTC Corporation		24				743	30.75	738		
Asia Cement Corporation		15				668	43.20	648		
MiTAC Holdings Corporation		22				641	29.50	649		
DARFON ELECTRONICS CORP		17				720	43.35	737		
China Man-Made Fiber Corporation		55				606	11.20	616		

YUANTA FUTURES CO., LTD.
STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT (Cont.)
DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Name of financial instrument	Description	Shares or units (in thousands)	Face value	Total amount (in thousands)	Interest rate	Cost	Fair value		Amount of the fair value attributable to change in the credit risk	Note
							Unit price (dollars)	Total amount		
<u>Listed stocks</u>										
Shin Kong Financial Holding Co.,Ltd.		64				\$ 550	\$ 8.81	\$ 564		
BES Engineering Co.		56				548	10.00	560		
KINDOM DEVELOPMENT CO., LTD.		15				511	33.65	505		
TPK Holding Co., Ltd.		11				509	46.30	509		
ENNOCONN CORPORATION		2				500	251.00	502		
YULON MOTOR CO.,LTD		12				470	46.90	563		
D-LINK CORPORATION		16				460	28.70	459		
Namchow Holdings Co., Ltd.		10				453	47.00	470		
NANYA TECHNOLOGY CORPORATION		5				424	86.80	434		
CMC Magnetics Corporation		46				405	9.49	437		
TAIWAN TEA CORPORATION		23				404	17.90	412		
RUENTEX DEVELOPMENT CO.,LTD.		10				402	40.90	409		
EVA AIRWAYS CORPORATION		28				389	13.15	368		
Compal Electronics, Inc.		18				357	20.70	373		
CTBC FINANCIAL HOLDING CO., LTD.		18				349	19.70	355		
Wistron Corporation		10				304	31.00	310		
LITE-ON TECHNOLOGY CORP.		6				281	49.80	299		
Fubon Financial Holding Co., Ltd.		6				279	46.75	281		
CHINA DEVELOPMENT FINANCIAL HOLDING CORP.		20				181	9.30	186		
China Life Insurance Co., Ltd.		7				146	22.20	157		
EVERGREEN MARINE CORP. (TAIWAN) LTD.		4				143	40.70	163		
ASIA OPTICAL CO., INC.		1				73	73.90	74		
Subtotal						137,088		146,160		
<u>OTC stocks</u>										
CO-TECH DEVELOPMENT CORP.		87				\$ 4,663	\$ 53.30	\$ 4,637		
PharmaEngine, Inc.		55				3,207	57.90	3,184		

YUANTA FUTURES CO., LTD.
STATEMENT OF FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT (Cont.)
DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Name of financial instrument	Description	Shares or units (in thousands)	Face value	Total amount (in thousands)	Interest rate	Cost	Fair value		Amount of the fair value attributable to change in the credit risk	Note
							Unit price (dollars)	Total amount		
<u>OTC stocks</u>										
ADVANCED WIRELESS SEMICONDUCTOR COMPANY		24				\$ 3,164	\$ 135.00	\$ 3,240		
Chunghwa Precision Test Tech. Co., Ltd.		4				3,044	764.00	3,056		
E INK HOLDINGS INC.		62				2,844	45.80	2,840		
Vanguard International Semiconductor Co.		20				2,073	116.00	2,320		
GLORIA MATERIAL TECHNOLOGY CORP		97				1,688	17.20	1,668		
PROSPERITY DIELECTRICS CO., LTD.		24				1,607	66.60	1,598		
TAIWAN SEMICONDUCTOR CO., LTD.		23				1,455	62.20	1,431		
Dynapack International Technology Corporation		17				1,377	84.40	1,435		
HU LANE ASSOCIATE INC.		13				1,275	114.00	1,482		
PChome online Inc.		12				1,100	90.00	1,080		
WAFER WORKS CORPORATION		21				851	42.80	899		
SPEED TECH CORP.		8				776	93.70	750		
Center Laboratories, Inc.		10				690	69.30	693		
ADATA Technology Co., Ltd.		6				449	73.00	438		
UBRIGHT OPTRONICS CORPORATION		10				409	41.05	411		
Coretronic Corporation		10				403	40.55	405		
Ardentec Corporation		6				225	38.65	232		
Xxentria Technology Materials Co.,Ltd		2				122	60.60	121		
Subtotal						31,422		31,920		
<u>Beneficiary certificates</u>										
W.I.S.E. Yuanta/P-shares CSI 300 ETF		57				\$ 1,318	\$ 23.67	\$ 1,349		
Cathay FTSE China A50 ETF		2				52	27.45	55		
Fubon SSE180 ETF		1				38	38.31	39		
Capital Money Market Fund		12,301				200,000	16.27	200,079		
Cathay Taiwan Money Market Fund		7,982				100,000	12.53	100,042		
Fuh Hwa You Li Money Market Fund		7,368				100,000	13.58	100,037		

YUANTA FUTURES CO., LTD.
STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT (Cont.)
DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Name of financial instrument	Description	Shares or units (in thousands)	Face value	Total amount (in thousands)	Interest rate	Cost	Fair value		Amount of the fair value attributable to change in the credit risk	Note
							Unit price (dollars)	Total amount		
<u>Beneficiary certificates</u>										
		6,330				\$ 100,000	\$ 15.80	\$ 100,036		
		5,940				100,000	16.84	100,029		
						601,408		601,666		
						\$ 769,918		\$ 779,746		
<u>Derivative financial instruments – non-hedging</u>										
								\$ 62,741		
								4,166		Note
								13,537		
								80,444		
								\$ 860,190		

Note: Contract amount or premiums paid was \$4,582 and the fair value at the balance sheet date was \$4,166.

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YUANTA FUTURES CO., LTD.
STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - CURRENT
DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Name of financial instrument	Description	Shares or units		Total amount (in thousands)	Interest rate	Cost	Accumulated impairment	Fair value		Note
		(in thousands)	Face value					Unit price (dollars)	Total amount	
<u>Listed stocks</u>										
TAIWAN FERTILIZER CO., LTD.		443	\$ -	\$ -	-	\$ 21,344	N/A	\$ 54.20	\$ 24,011	
Taiwan Semiconductor Manufacturing Co., Ltd.		400	-	-	-	199,642	N/A	530.00	212,000	
QUANTA COMPUTER INC.		2,090	-	-	-	135,660	N/A	80.90	169,081	
ELAN MICROELECTRONICS CORP.		300	-	-	-	40,329	N/A	133.50	40,050	
THE AMBASSADOR HOTEL,LTD.		438	-	-	-	12,370	N/A	30.30	13,271	
Wistron Corporation		2,010	-	-	-	67,619	N/A	31.00	62,310	
WPG HOLDINGS LIMITED		534	-	-	-	21,653	N/A	42.90	22,909	
Swancor Holding Co., LTD.		200	-	-	-	34,049	N/A	152.50	30,500	
ASE Technology Holding Co., Ltd.		1,000	-	-	-	72,957	N/A	81.30	81,300	
						<u>\$ 605,623</u>			<u>\$ 655,432</u>	

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YUANTA FUTURES CO., LTD.
STATEMENT OF FUTURES TRADING MARGIN - OWN FUNDS
DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Clearing house (Other futures commission merchants)	Description	Currency	Foreign amount (in thousands)	Exchange rate (dollars)	New Taiwan dollar	Note
Taiwan Futures Exchange	Cash in bank	NTD	\$ -	1.0000	\$ 391,824	
	Cash in bank	USD	215	28.4800	6,119	
	Cash in bank	CNY	988	4.3770	4,322	
					<u>402,265</u>	
ADM Investor Services, Inc Taiwan branch	Cash in bank	USD	56	28.4800	<u>1,598</u>	
Nissan Securities Co., Ltd.	Cash in bank	JPY	1,369	0.2763	<u>378</u>	
J.P.Morgan Securities Ltd.	Cash in bank	USD	3,486	28.4800	99,270	
	Cash in bank	JPY	51	0.2763	14	
	Cash in bank	GBP	4	38.9000	150	
	Cash in bank	EUR	1	35.0200	47	
					<u>99,481</u>	
Yuanta Futures (Hong Kong) Co., Ltd	Cash in bank	HKD	1,463	3.6730	5,372	Related party
	Cash in bank	USD	761	28.4800	<u>21,659</u>	Related party
					<u>27,031</u>	
JihSun Futures Co., Ltd.	Cash in bank	NTD	-	1.0000	<u>28,751</u>	
INTL FCStone Inc	Cash in bank	USD	4	28.4800	<u>117</u>	
R.J. O'BRIEN & ASSOCIATES, LLC	Cash in bank	USD	53	28.4800	<u>1,514</u>	
					<u>\$ 561,135</u>	

Note: The Company's margin deposits for the futures contract was \$561,135 with excess margin of \$498,394, recognised in "Cash and cash equivalents".

YUANTA FUTURES CO., LTD.
STATEMENT OF CUSTOMER MARGIN DEPOSITS BALANCES
DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Item	December 31, 2020		December 31, 2019	
	Amount	%	Amount	%
Cash in bank	\$ 61,028,517	74	\$ 46,726,377	73
Clearing house				
-Cash in bank	12,077,450	15	7,596,015	12
-Gains (losses) on open futures positions	107,625	-	(174,898)	-
-Securities	120	-	161,428	-
	<u>12,185,195</u>	<u>15</u>	<u>7,582,545</u>	<u>12</u>
Other futures commission merchants				
-Cash in bank	8,303,992	10	9,040,522	14
-Gains on open futures positions	1,291,308	1	253,832	1
	<u>9,595,300</u>	<u>11</u>	<u>9,294,354</u>	<u>15</u>
Total	<u>\$ 82,809,012</u>	<u>100</u>	<u>\$ 63,603,276</u>	<u>100</u>

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YUANTA FUTURES CO., LTD.
STATEMENT OF CUSTOMER MARGIN DEPOSITS - CASH IN BANK
DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Bank	Account	Currency	Foreign amount (in thousands)	Exchange rate (dollars)	New Taiwan dollar	Note
Yuanta Bank	367210718820	NTD	\$ -	1.0000	\$ 8,528,223	Related party
Taiwan Cooperative Bank	410188009844	USD	130,106	28.4800	3,705,428	
KGI Bank	19118239013	NTD	-	1.0000	4,640,822	
Others(Note)		NTD	-	1.0000	22,821,927	
		USD	705,201	28.4800	20,084,119	
		HKD	83,625	3.6730	307,153	
		EUR	6,393	35.0200	223,889	
		JPY	356,776	0.2763	98,577	
		GBP	4,318	38.9000	167,960	
		AUD	2,267	21.9500	49,765	
		SGD	165	21.5600	3,553	
		CHF	-	32.3050	11	
		CNY	90,722	4.3770	397,090	
					<u>\$ 61,028,517</u>	

Note: The items which amount exceed 5% of the total account amount shall be individually presented, while the others that do not meet aforementioned threshold can be collectively presented.

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YUANTA FUTURES CO., LTD.
STATEMENT OF CUSTOMER MARGIN DEPOSITS – CLEARING BALANCES WITH
FUTURES CLEARING HOUSE
DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Clearing house	Description	Currency	Foreign amount (in thousands)	Exchange rate (dollars)	New Taiwan dollar (the marked-to- market value of pledged deposits)	Note
Taiwan Futures Exchange	Cash in bank	NTD	\$ -	1.0000	\$ 10,497,045	
		USD	38,355	28.4800	1,092,342	
		HKD	272	3.6730	998	
		CNY	6,341	4.3770	27,753	
		JPY	54,101	0.2763	14,948	
		GBP	8,790	38.9000	341,931	
		EUR	2,925	35.0200	102,433	
	Gains (losses) on open futures position	NTD	-	1.0000	104,920	
		USD	25	28.4800	703	
		CNY	459	4.3770	2,008	
		JPY (21)	0.2763 (6)	
	Securities	NTD	-	-	120	
					<u>\$ 12,185,195</u>	

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YUANTA FUTURES CO., LTD.
STATEMENT OF CUSTOMER MARGIN DEPOSITS – CLEARING BALANCES WITH
OTHER FUTURES COMMISSION MERCHANTS
DECEMBER 31, 2020

(Expressed in thousands of New Taiwan dollars)

Other futures commission merchants	Description	Currency	Foreign amount (in thousands)	Exchange rate (dollars)	New Taiwan dollar	Note
Nissan Securities Co., Ltd	Cash in bank	JPY	\$ 132,227	0.2763	\$ 36,535	
	Gains (losses) on open futures position	JPY	(5,299)	0.2763	(1,464)	
					<u>35,071</u>	
ADM Investor Services, Inc Taiwan branch	Cash in bank	USD	895	28.4800	25,485	
	Gains (losses) on open futures position	USD	(69)	28.4800	(1,978)	
					<u>23,507</u>	
StoneX Group Inc	Cash in bank	USD	11,822	28.4800	336,703	
	Gains (losses) on open futures position	USD	753	28.4800	<u>21,437</u>	
					<u>358,140</u>	
	Cash in bank	EUR	66	35.0200	2,313	
	Gains (losses) on open futures position	EUR	(1)	35.0200	(30)	
					<u>2,283</u>	
J.P.Morgan Securities Ltd	Cash in bank	EUR	17	35.0200	606	
	Gains (losses) on open futures position	EUR	(12)	35.0200	(438)	
					<u>168</u>	
	Cash in bank	GBP	43	38.9000	1,683	
	Gains (losses) on open futures position	GBP	62	38.9000	<u>2,403</u>	
					<u>4,086</u>	
	Cash in bank	USD	178,903	28.4800	5,095,155	
	Gains (losses) on open futures position	USD	14,916	28.4800	<u>424,820</u>	
					<u>5,519,975</u>	

YUANTA FUTURES CO., LTD.
STATEMENT OF CUSTOMER MARGIN DEPOSITS – CLEARING BALANCES WITH
OTHER FUTURES COMMISSION MERCHANTS (Cont.)
DECEMBER 31, 2020

(Expressed in thousands of New Taiwan dollars)						
Other futures commission merchants	Description	Currency	Foreign amount (in thousands)	Exchange rate (dollars)	New Taiwan dollar	Note
J.P.Morgan Securities Ltd	Cash in bank	SGD	\$ 703	21.5600	\$ 15,155	
	Gains (losses) on open futures position	SGD	-	21.5600	(2)	
					<u>15,153</u>	
	Cash in bank	JPY	871	0.2763	241	
	Gains (losses) on open futures position	JPY	(2,374)	0.2763	(656)	
					<u>(415)</u>	
	Cash in bank	CHF	-	32.3050	1	
	Gains (losses) on open futures position	CHF	-	32.3050	-	
					<u>1</u>	
Yuanta Futures (Hong Kong) Co., Ltd	Cash in bank	HKD	18,952	3.6730	69,612	Related party
	Gains (losses) on open futures position	HKD	(1,490)	3.6730	(5,474)	Related party
					<u>64,138</u>	
	Cash in bank	USD	14,098	28.4800	401,510	Related party
	Gains (losses) on open futures position	USD	(1)	28.4800	(23)	Related party
					<u>401,487</u>	
G.H. Financials (Hong Kong) Limited	Cash in bank	AUD	3,225	21.9500	70,799	
	Gains (losses) on open futures position	AUD	(2)	21.9500	(37)	
					<u>70,762</u>	
	Cash in bank	USD	81	28.4800	2,312	
	Gains (losses) on open futures position	USD	-	28.4800	-	
					<u>2,312</u>	

YUANTA FUTURES CO., LTD.
STATEMENT OF CUSTOMER MARGIN DEPOSITS – CLEARING BALANCES WITH
OTHER FUTURES COMMISSION MERCHANTS (Cont.)
DECEMBER 31, 2020

(Expressed in thousands of New Taiwan dollars)

Other futures commission merchants	Description	Currency	Foreign amount (in thousands)	Exchange rate (dollars)	New Taiwan dollar	Note
R.J. O'BRIEN & ASSOCIATES, LLC	Cash in bank	USD	\$ 5,811	28.4800	\$ 165,498	
	Gains (losses) on open futures position	USD	101	28.4800	2,872	
					<u>168,370</u>	
PHILLIP FUTURES PTE LTD(SG)	Cash in bank	USD	30,305	28.4800	863,085	
	Gains (losses) on open futures position	USD	15,580	28.4800	443,709	
					<u>1,306,794</u>	
OCBC Securities Private Limited	Cash in bank	JPY	(137,471)	0.2763	(37,983)	
	Gains (losses) on open futures position	JPY	4,404	0.2763	1,217	
					<u>(36,766)</u>	
	Cash in bank	SGD	(58)	21.5600	(1,260)	
	Gains (losses) on open futures position	SGD	(4)	21.5600	80	
					<u>(1,340)</u>	
	Cash in bank	USD	44,120	28.4800	1,256,542	
	Gains (losses) on open futures position	USD	14,222	28.4800	405,032	
					<u>1,661,574</u>	
					<u>\$ 9,595,300</u>	

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YUANTA FUTURES CO., LTD.
STATEMENT OF FUTURES TRADING MARGIN RECEIVABLE
DECEMBER 31, 2020
 (Expressed in thousands of New Taiwan dollars)

Client code	Account	Foreign amount	Exchange rate	New Taiwan dollar	Note
A				\$ 10,644	
B				42,435	
C				11,625	
D				7,783	
E				11,980	
F				15,620	
Others (Note)				20,814	
Allowance for uncollectible accounts				(120,901)	
				<u>\$ -</u>	

Note: The items which amount exceed 5% of the total account amount shall be individually presented, while the others that do not meet aforementioned threshold can be collectively presented.

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YUANTA FUTURES CO., LTD.
STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

<u>Client</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Non-related parties:			
Mega Securities Co., Ltd.	Price of securities lending	\$ 73,944	
Hua Nan Securities Co., Ltd.	Price of securities lending	39,287	
Capital Securities Co., Ltd.	Price of securities lending	50,714	
Taiwan Stock Exchange	Price of sale of securities	32,265	
Others	Others	3,399	
		<u>\$ 199,609</u>	
Related parties:			
Yuanta Securities Co., Ltd.	Price of settlement	<u>\$ 3,569</u>	

Note: The ageing of the accounts receivable are all within 30 days.

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YUANTA FUTURES CO., LTD.
STATEMENT OF PREPAYMENTS
DECEMBER 31, 2020

(Expressed in thousands of New Taiwan dollars)

Client name	Description	Amount	Note
Wind Information (HK) Company Ltd.	Computer software expense	\$ 464	
MDBS Digital Technology Co., Ltd	Computer software expense	568	
Chicago Mercantile Exchange	Monthly membership fee	477	
Others		2,374	
		<u>3,883</u>	
Related parties:			
Yuanta Life Insurance Co., Ltd.	Group insurance	1,351	
		<u>\$ 5,234</u>	

Note: The items which amount exceed 5% of the total account amount shall be individually presented, while the others that do not meet aforementioned threshold can be collectively presented.

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YUANTA FUTURES CO., LTD.
STATEMENT OF OTHER RECEIVABLES
DECEMBER 31, 2020
 (Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Non-related parties:			
Dividend receivable		\$ 1,000	
Interest receivable		16,791	
Others		1,184	
		<u>\$ 18,975</u>	
Related parties:			
Interest receivable		<u>\$ 3,876</u>	

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YUANTA FUTURES CO., LTD.
STATEMENT OF OTHER CURRENT ASSETS
DECEMBER 31, 2020
 (Expressed in thousands of New Taiwan dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Temporary payment		\$ 23	

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YUANTA FUTURES CO., LTD.
STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Name	Beginning balance		Addition		Decrease		Ending balance		Accumulated impairment	Collateral	Note
	Shares (in thousands)	Fair value	Shares (in thousands)	Amount	Shares (in thousands)	Amount	Shares (in thousands)	Fair value			
Stocks:											
Taiwan Futures Exchange	17,707	\$ 221,132	708	\$ -	-	\$ -	18,415	\$ 221,132	N/A	None	
Chicago Mercantile Exchange	-	-	20	104,771	-	-	20	104,771	N/A	None	
Valuation adjustment		<u>1,297,407</u>		<u>-</u>	(<u>4,787</u>)		<u>1,292,620</u>			
		<u>\$ 1,518,539</u>		<u>\$ 104,771</u>	(\$	<u>4,787</u>)		<u>\$ 1,618,523</u>			

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YUANTA FUTURES CO., LTD.
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Name	Beginning balance		Addition		Decrease		Ending balance		Market value or net assets value				Collateral	Note
	Share (in thousands)	Amount	Share (in thousands)	Amount	Share (in thousands)	Amount	Share (in thousands)	Percentage of ownership	Amount	Unit price	Total amount			
SYF Information Co., Ltd.	35,000	\$ 286,541	-	\$ -	-	(\$ 4,203)	35,000	100%	\$ 282,338	\$ -	\$ 282,338		None	
Yuanta Futures (Hong Kong) Co., Ltd.	34,000	988,723	-	-	-	(63,960)	34,000	100%	924,763	-	924,763		None	
		<u>\$ 1,275,264</u>		<u>\$ -</u>		<u>(\$ 68,163)</u>			<u>\$ 1,207,101</u>		<u>\$ 1,207,101</u>			

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YUANTA FUTURES CO., LTD.
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

<u>Item</u>	<u>Beginning balance</u>	<u>Addition</u>	<u>Decrease</u>	<u>Ending balance</u>	<u>Collateral</u>	<u>Note</u>
Land	\$ 410,992	\$ -	\$ -	\$ 410,992	None	
Buildings and equipment	71,577	-	-	71,577	None	
Information equipment	176,140	78,705 (	25,565)	229,280	None	
Miscellaneous equipment	2,303	105 (	510)	1,898	None	
Transpotation equipment	6,842	1,440	-	8,282	None	
Leasehold improvements	12,236	- (2,544)	9,692	None	
Total	<u>\$ 680,090</u>	<u>\$ 80,250</u>	<u>(\$ 28,619)</u>	<u>\$ 731,721</u>		

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YUANTA FUTURES CO., LTD.
STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF PROPERTY AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Item	Beginning balance	Addition	Decrease	Ending balance	Note
Buildings and equipment	\$ 8,804	\$ 3,409	\$ -	\$ 12,213	Note1 and Note2
Information equipment	80,251	45,695	(25,096)	100,850	Note1 and Note3
Miscellaneous equipment	1,420	319	(510)	1,229	Note1 and Note4
Transpotation equipment	1,291	1,274	-	2,565	Note1 and Note5
Leasehold improvements	6,517	3,296	(2,544)	7,269	Note1 and Note6
Total	<u>\$ 98,283</u>	<u>\$ 53,993</u>	<u>(\$ 28,150)</u>	<u>\$ 124,126</u>	

Note1: Property and equipment are depreciated using the straight-line method to allocate their cost over their estimated useful lives.

Note2: The useful life of buildings and equipment is 20 years.

Note3: The useful life of information equipment is 4 years.

Note4: The useful life of miscellaneous equipment is 6 years.

Note5: The useful life of transpotation equipment is 5 years.

Note6: The useful life of leasehold improvements is 3 years.

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YUANTA FUTURES CO., LTD.
STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020
 (Expressed in thousands of New Taiwan dollars)

<u>Item</u>	<u>Beginning balance</u>	<u>Addition</u>	<u>Decrease</u>	<u>Ending balance</u>	<u>Note</u>
Buildings	\$ 54,698	\$ 188,688	\$ -	\$ 243,386	

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YUANTA FUTURES CO., LTD.
STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020
 (Expressed in thousands of New Taiwan dollars)

<u>Item</u>	<u>Beginning balance</u>	<u>Addition</u>	<u>Decrease</u>	<u>Ending balance</u>	<u>Note</u>
Buildings	\$ 23,201	\$ 29,441	\$ -	\$ 52,642	

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YUANTA FUTURES CO., LTD.
STATEMENT OF CHANGE IN INTANGIBLE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020
 (Expressed in thousands of New Taiwan dollars)

<u>Item</u>	<u>Beginning balance</u>	<u>Addition</u>	<u>Decrease</u>	<u>Ending balance</u>	<u>Note</u>
Computer software	\$ 16,627	\$ 1,385	\$ -	\$ 18,012	
Membership in a foreign Futures Exchange	24,125	-	-	24,125	
	<u>\$ 40,752</u>	<u>\$ 1,385</u>	<u>\$ -</u>	<u>\$ 42,137</u>	

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YUANTA FUTURES CO., LTD.
STATEMENT OF DEFERRED INCOME TAX ASSETS
DECEMBER 31, 2020
 (Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Accrued pension liabilities		\$ 5,419	
Unrealised exchange loss		1,492	
Expected credit losses		24,111	
Others		12,625	
		<u>\$ 43,647</u>	

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YUANTA FUTURES CO., LTD.
STATEMENT OF OTHER NON-CURRENT ASSETS
DECEMBER 31, 2020
 (Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Operating guarantee deposits		\$ 140,000	
Clearing and settlement funds		548,092	
Refundable deposits		40,456	
Prepayment for equipment		73,982	
Others		8,417	
		<u>\$ 810,947</u>	

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YUANTA FUTURES CO., LTD.
STATEMENT OF FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS
DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Name of financial instrument	Description	Shares or units (in thousands)	Face value (in thousands)	Total amount (in thousands)	Interest rate	Fair value		Amount of the fair value attributable to change in the credit risk	Note
						Unit price (dollars)	Total amount		
Financial liabilities									
held for trading:									
Options – non-hedging		-	\$ -	\$ -	-	\$ -	\$ 13,332	\$ -	Note
Security borrowing									
payable – non-hedging		-	-	-	-	-	207,340	-	
							<u>\$ 220,672</u>		

Note: Contract amount or premiums received was \$10,406 and the fair value at the balance sheet date was \$13,332.

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YUANTA FUTURES CO., LTD.
STATEMENT OF FUTURES TRADERS' EQUITY
DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Client code	Currency	Foreign amount (in thousands)	Exchange rate	New Taiwan dollar	Note
A	NTD	\$ -	1.0000	\$ 6,424,335	Related party
	USD	26,045	28.4800	741,772	
	HKD	6,599	3.6730	24,090	
	EUR	(4)	35.0200	(136)	
	JPY	46,052	0.2763	12,724	
	GBP	21	38.9000	819	
	AUD	3,015	21.9500	66,185	
	CNY	2,482	4.3770	10,866	
B	NTD	-	1.0000	15,727	Related party
	USD	216,255	28.4800	6,158,954	
C	NTD	-	1.0000	5,826,568	Related party
D	NTD	-	1.0000	463,021	Related party
	USD	177,430	28.4800	5,053,212	
	EUR	67	35.0200	2,351	
E	NTD	-	1.0000	3,185,214	Related party
	USD	75,123	28.4800	2,139,510	
Others	NTD	-	1.0000	30,472,502	
	USD	709,946	28.4800	20,219,217	
	HKD	94,614	3.6730	347,519	
	EUR	9,315	35.0200	326,214	
	JPY	353,134	0.2763	97,571	
	GBP	13,190	38.9000	513,073	
	AUD	2,473	21.9500	54,268	
	SGD	802	21.5600	17,301	
	CHF	-	32.3050	13	
	CNY	94,988	4.3370	415,759	
				<u>\$ 82,588,649</u>	

YUANTA FUTURES CO., LTD.
STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2020
 (Expressed in thousands of New Taiwan dollars)

Client	Description	Amount	Note
Non-related parties:			
Taiwan Futures Exchange	Clearance fee	\$ 63,336	
	Service charge	87,530	
Others	Others	7,045	Others not exceeding 5%
		<u>\$ 157,911</u>	
Related parties:			
Yuanta Securities Co., Ltd.	Futures commissions	<u>\$ 23,586</u>	

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YUANTA FUTURES CO., LTD.
STATEMENT OF OTHER PAYABLES
DECEMBER 31, 2020
 (Expressed in thousands of New Taiwan dollars)

Item	Description	Amount
Non-related parties:		
	Bonuses payable	\$ 175,014
	Securities settlement payable	26,819
	Business tax payable	13,016
	Others	26,200
		<u>\$ 241,049</u>
Related parties:		
Yuanta Securities Co., Ltd.	Stock affair services and interest expense	\$ 186
Yuanta Financial Holdings	Others	30
Others	Others	9
		<u>\$ 225</u>

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YUANTA FUTURES CO., LTD.
STATEMENT OF OTHER CURRENT LIABILITIES
DECEMBER 31, 2020
 (Expressed in thousands of New Taiwan dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Temporary receipts	Others	\$ 19,584	

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YUANTA FUTURES CO., LTD.
STATEMENT OF LEASE LIABILITIES
DECEMBER 31, 2020
 (Expressed in thousands of New Taiwan dollars)

Item	Description	Leasing period	Discount rate	Ending balance	Note
Buildings		3~5 years	0.68~0.92%	\$ <u>197,304</u>	
		(Blank)			

YUANTA FUTURES CO., LTD.
STATEMENT OF OTHER NON-CURRENT LIABILITIES
DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Accrued pension liabilities			
– non-current		\$ 73,742	
Other long-term liabilities		8,165	
		<u>\$ 81,907</u>	

Note 1: Listed by deposits received, collection for third parties and other liabilities, etc.

Note 2: The items which amount exceed 5% of the total account amount shall be individually presented, while the others that do not meet aforementioned threshold can be collectively presented.

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YUANTA FUTURES CO., LTD.
STATEMENT OF GAINS (LOSSES) ON DERIVATIVE INSTRUMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Non-hedging			
Gains (losses) from futures contract interests			
Futures contract gains		\$ 527,256	
Futures contract losses		(659,810)	
		<u>(\$ 132,554)</u>	
Gains (losses) from options trading			
Gains from options trading		\$ 548,452	
Losses from options trading		(324,662)	
		<u>\$ 223,790</u>	
Gains (losses) from exchange rate derivatives trading			
Gains from exchange rate derivatives trading		\$ 336,035	
Losses from exchange rate derivatives trading		(300,992)	
		<u>\$ 35,043</u>	
Gains (losses) from equity derivatives trading			
Gains from equity derivatives trading		\$ 792	
Losses from equity derivatives trading		(1,003)	
		<u>(\$ 211)</u>	
Non-hedging			
Gains from derivative financial instruments		\$ 1,412,535	
Losses from derivative financial instruments		(1,286,467)	
Net gains on derivative financial instruments		<u>\$ 126,068</u>	

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YUANTA FUTURES CO., LTD.
STATEMENT OF FUTURES COMMISSIONS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

<u>Item</u>	<u>Payee</u>	<u>Amount</u>	<u>Note</u>
Entrusted futures transaction	J.P.Morgan Securities Ltd	\$ 203,132	
	OCBC Securities Private Limited	35,482	
	PHILLIP FUTURES PTE LTD(SG)	20,882	
	Others	<u>38,295</u>	
	Subtotal	<u>297,791</u>	
Futures auxiliary business	Yuanta Securities Co., Ltd.	284,601	Related party
	Others	<u>59,551</u>	
	Subtotal	<u>344,152</u>	
Total		<u>\$ 641,943</u>	

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YUANTA FUTURES CO., LTD.
STATEMENT OF EMPLOYEE BENEFITS, DEPRECIATION, AMORTIZATION AND OTHER OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Item	2020	2019	Note
Employee benefit expense (Note):			
Wages and salaries	\$ 523,991	\$ 517,513	
Director's remuneration	65,696	37,289	
Labor and health insurance fees	34,294	31,979	
Pension costs	17,900	16,972	
Post-employment benefits	1,683	1,589	
Other personnel expenses	19,098	17,576	
	<u>662,662</u>	<u>622,918</u>	
Depreciation and amortisation expense:			
Depreciation expense	83,434	68,614	
Amortisation expense	12,097	9,764	
	<u>95,531</u>	<u>78,378</u>	
Other operating expenses:			
Postage and telephone costs	95,353	89,013	
Tax expenses	104,150	83,028	
Computer information expenses	98,959	92,292	
Donation	9,642	7,631	
Institutional membership fees	33,683	30,126	
Operating lease payments	644	378	
Repair charge	27,126	21,449	
Advertising costs	11,393	10,185	
Service expenses	9,784	9,934	
Other expenses	35,246	38,766	
	<u>425,980</u>	<u>382,802</u>	
	<u>\$ 1,184,173</u>	<u>\$ 1,084,098</u>	

Note 1: A. The Company had 409 and 374 employees in 2020 and 2019, respectively, in which directors not concurrently serving as employees were 6 and 7, respectively.

B. The annual consolidated financial statements shall additionally disclose the information below:

(A) Average employee benefit expense was \$1,481 and \$1,596, respectively.

(B) Average wages and salaries was \$1,300 and \$1,410, respectively.

(C) Year on Year change in average employee wages and salaries was -7.80%.

(D) Supervisors' remuneration in 2020 and 2019 were both \$0. (Because of the establishment of Audit Committee, there's no supervisors' remuneration.)

(E) Please illustrate the remuneration policy of the Company. (Including directors, supervisors, managers and employees)

a. Directors

(a) Including remuneration, severance pension and service payment.

(b) The monthly fixed pay to independent directors is determined by the board of directors taking into account industry standards, and independent directors do not receive the distribution of company directors' compensation.

(c) Service payment are expenses incurred by the directors in their capacity as company directors, including travelling costs and costs associated with attending meetings, and they are paid according to industry standards.

b. Managers and employees

(a) Including salary, pension, bonus and employee compensation.

(b) Managers and employees are remunerated based on their responsibilities, professional capabilities and experiences. In order to motivate the morale of all employees, each year, depending on the profitability, additional performance bonuses are granted to enhance the Company's future operating performance.

(c) Employee compensation is based on the Company's Articles of Incorporation. In order to motivate employees and the management team, if the current year's earnings, following offset prior years' operating losses, are positive, then 0.01% to 5% of the remaining balances shall be set aside as employee compensation.

Note 2: A. The table should describe the number of employees, and the calculation base should be in agreement with that of employees' benefit expenses and wages and salaries expense, and average employee numbers should be used when calculating.

B. Under IAS 19, employees include directors and other management personnel. Employees can provide services on a full-time, part-time, permanent, casual or temporary basis. Thus, the "employee" in this statement means directors, managers, normal staff and contract employees. However, supervisors, temp worker, hire of work or outsourcing personnel are not included.

C. The "directors' remuneration" is the remuneration, retirement payment, directors' compensation and service payments which are earned by all directors.

D. The term "supervisor's remuneration" refers to the remuneration, compensation and service payment received by all supervisors.

YUANTA FUTURES CO., LTD.
STATEMENT OF INTEREST EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Non-related parties		\$ 4,844	
Related parties:			
Yuanta Securities (Hong Kong) Co., Ltd.		56	
Yuanta Futures (Hong Kong) Co., Ltd.		32	
Yuanta Securities Co., Ltd.		1,651	
Yuanta Bank		18	
Yuanta Life Insurance Co., Ltd.		232	
Yuanta Securities Korea Co., Ltd.		74	
Funds managed by Yuanta Securities Investment Trust		11,708	
		<u>\$ 18,615</u>	

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YUANTA FUTURES CO., LTD.
STATEMENT OF EXPECTED CREDIT (IMPAIRMENT LOSSES) REVERSAL GAINS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Futures trading margin receivable	Futures traders' default amount	(\$ 34,492)	Measured by the historical loss rate and consideration of forward-looking information

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YUANTA FUTURES CO., LTD.
STATEMENT OF OTHER GAINS AND LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Interest income		\$ 694,306	
Losses on disposal of investments		(8,623)	
Losses on disposal of property and equipment		(259)	
Dividend income		88,007	
Net currency exchange losses		(15,991)	
Gains on financial assets at fair value through profit or loss		1,696	
Others		65,702	
Total		<u>824,838</u>	

Note: The items which amount exceed 5% of the total account amount shall be individually presented, while the others that do not meet aforementioned threshold can be collectively presented.

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YUANTA FUTURES CO., LTD.

REVIEW OF THE ADDITIONAL DISCLOSURE IN FINANCIAL REPORTS

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

We have audited the financial statements of Yuanta Futures Co., Ltd. (the “Company”) for the year ended December 31, 2020 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, and we have issued an audit report on March 18, 2021. Our objectives were to express an opinion on the financial statements as a whole. The accompanying additional disclosure (the “Disclosure”) for the year ended December 31, 2020 was prepared by the Company in accordance with the Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, and we have reviewed the Disclosure in accordance with Article 34, paragraph 2 of the Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants.

In our opinion, the Disclosure in the Company’s financial statements for the year ended December 31, 2020 present fairly in accordance with the Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants and the Regulations Governing the Preparation of Financial Reports by Securities Firms. The financial data included in the Disclosure was in consistent with the financial statements, and no significant amendment was required.

Lo, Chiao-Sen

Lee, Hsiu-Ling

For and on behalf of PricewaterhouseCoopers, Taiwan

March 18, 2021

YUANTA FUTURES CO., LTD

ADDITIONAL DISCLOSURE

DECEMBER 31, 2020

(Expressed in thousands of New Taiwan dollars)

1. Business

(1) Significant business matters

A. Mergers and acquisitions of other companies or reorganizations over the most recent 5 years: None.

B. Investments in affiliated enterprises over the most recent 5 years

- (A) On October 14, 2013, BaoFu Futures Trust Co., Ltd. transferred ‘MF Global Multi-Strategy Futures Trust Fund’ to Yuanta Polaris Securities Investment Trust Co., Ltd, and applied to rename its company name as MF G Investment Consulting Co., Ltd. on October 28, 2013 which was approved by Taipei City Government on January 3, 2014. This company was liquidated in the second quarter of 2016.
- (B) The Company increased the capital of SYF Information Co., Ltd. by \$300,000 in the fourth quarter of 2015. The increased capital was used for a capital investment in SYF Information (Shanghai) Limited.
- (C) The Company increased its capital of Yuanta Futures (Hong Kong) Co., Ltd. by \$302,680 and \$537,972 in the second quarter of 2017 and in 2018, respectively.
- (D) On September 25, 2019, to streamline organizational structure, the Board of Directors of the Company approved to liquidate SYF Information (Samoa) Limited. The liquidation had been approved by the competent authority on October 25, 2019 and was completed on July 17, 2020.

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C. Purchases or disposals of major asset over the most recent 5 years

(A) Purchases of major assets:

Assets	Date of acquisition	Purchase consideration	Basis or reference used in setting the price	Reason for acquisition of real estate and the status of the real estate
Land: No. 764, 1st Subsec., Changchun Sec., Zhongshan Dist., Taipei City Buildings: 7F.-1&2, No. 225, Sec. 3, Nanjing E. Rd.	2017/05/03	\$482,569	Appraiser report issued by G-Beam Real Estate Appraisers Firm and Honda Real Estate Group on April 18, 2017. Appraiser: Jhih-Hao Chen, Yi-Ren Chen	Owner-occupied property

(B) Disposal of major assets: None.

D. Significant changes in operation method or business activity over the most recent 5 years: None.

(2) Remuneration to directors, supervisors, general manager, assistant general managers and related information

A. Directors' (including independent directors), supervisors, general managers' and assistant general managers' remuneration

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(A) Remuneration to directors and independent directors (aggregate remuneration information, with the name(s) indicated for each remuneration range):

Title	Name	Directors' remuneration								The sum of A, B, C and D as a percentage of after-tax net profit		Remuneration as an employee								The sum of A, B, C, D, E, F and G as a percentage of after-tax net profit		Remuneration paid by investee enterprises other than the subsidiaries		
		Remuneration (A)		Servance pension (B)		Directors compensation (C)		Service payment (D)				Salaries, bonuses, special allowances etc. (E)		Pension (F)		Employees compensation (G)								
		The Company	All companies listed in the consolidated financial report	The Company	All companies listed in the consolidated financial report	The Company	All companies listed in the consolidated financial report	The Company	All companies listed in the consolidated financial report	The Company	All companies listed in the consolidated financial report	The Company	All companies listed in the consolidated financial report	The Company		All companies listed in the consolidated financial report		The Company	All companies listed in the consolidated financial report					
Chairman	Name of corporate shareholder: Yuanta Financial Holdings Co., Ltd. Representative: Tien-Fu Lin (Note 1)	\$ 34,000	\$ 34,000	\$ -	\$ -	\$ -	\$ -	\$ 3,357	\$ 3,357	3.49%	3.49%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	3.49%	3.49%	None	
Vice Chairman	Name of corporate shareholder: Yuanta Financial Holding Co., Ltd. Representative: Hsiao-Ling Chou (Note 2)	19,025	19,025	-	-	-	-	1,494	1,494	1.92%	1.92%	-	-	-	-	-	-	-	-	-	1.92%	1.92%	None	
Director co-headed General Manager	Name of corporate shareholder: Yuanta Financial Holding Co., Ltd. Representative: Kuo-Tsun Hsu (Note3, 6)	-	-	-	-	-	-	856	856	0.08%	0.08%	11,281	11,281	-	-	15	-	15	-	1.14%	1.14%	None		
Director	Name of corporate shareholder: Yuanta Financial Holding Co., Ltd. Representative: Yueh-Tsang Lee																							
Director	Name of corporate shareholder: Yuanta Financial Holding Co., Ltd. Representative: Hsien-Tao Chiu																							
Director	Name of corporate shareholder: Yuanta Financial Holding Co., Ltd. Representative: Cheng-Hua Sun (Note7)																							
Director	Name of corporate shareholder: Yuanta Financial Holding Co., Ltd. Representative: Mei-Ling Kuo																							

Title	Name	Directors' remuneration								The sum of A, B, C and D as a percentage of after-tax net profit		Remuneration as an employee								The sum of A, B, C, D, E, F and G as a percentage of after-tax net profit		Remuneration paid by investee enterprises other than the subsidiaries
		Remuneration (A)		Servance pension (B)		Directors compensation (C)		Service payment (D)				Salaries, bonuses, special allowances etc. (E)		Pension (F)		Employees compensation (G)						
		The Company	All companies listed in the consolidated financial report	The Company	All companies listed in the consolidated financial report	The Company	All companies listed in the consolidated financial report	The Company	All companies listed in the consolidated financial report	The Company	All companies listed in the consolidated financial report	The Company	All companies listed in the consolidated financial report	The Company	All companies listed in the consolidated financial report	The Company		All companies listed in the consolidated financial report		The Company	All companies listed in the consolidated financial report	
																Cash amount	Stock amount	Cash amount	Stock amount			
Independent Director	Chwo-Ming Yu (Note4)																					
Independent Director	Nai-Kuan Huang (Note5)	\$ 5,617	\$ 5,617	\$ -	\$ -	\$ -	\$ -	\$ 1,347	\$ 1,347	0.65%	0.65%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.65%	0.65%	None
Independent Director	Hui-Erh Yuan (Note8)																					

Note 1: In 2020, the cost after depreciation and fuel cost for the sedan provided to the Chairman, Tien-Fu Lin, totaled \$3,083.

Note 2: In 2020, the cost after depreciation and fuel cost for the sedan provided to the Vice Chairman, Hsiao-Ling Chou, totaled \$1,218.

Note 3: In 2020, the cost after depreciation and fuel cost for the sedan provided to the General Manager, Kuo-Tsun Hsu, who concurrently served as Director, totaled \$819.

Note 4: In 2020, the cost after depreciation and fuel cost for the sedan provided to the Independent Director, Chwo-Minh Yu, totaled \$222.

Note 5: In 2020, the cost after depreciation and fuel cost for the sedan provided to the Independent Director, Nai-Kuan Huang, totaled \$512

Note 6: The Director, Kuo-Tsun Hsu, was elected on September 23, 2020.

Note 7: The Director, Cheng-Hua Sun, was discharged on September 23, 2020.

Note 8: The Director, Hui-Erh Yuan, was elected on May 27, 2020.

Note 9: In 2020, the remuneration paid to the Directors' four chauffeurs totaled \$3,051, not included in the directors' remuneration.

The range of remunerations to all directors and independent directors of the Company	Table of remuneration range			
	Names of the Directors and Independent Directors			
	The total of the aforementioned 4 items (A+B+C+D)		The total of the aforementioned 7 items (A+B+C+D+E+F+G)	
	The Company	All companies listed in the consolidated financial report H	The Company	All companies listed in the consolidated financial report I
<NT\$1,000,000	Yueh-Tsang Lee; Hsien-Tao Chiu; Cheng-Hua Sun; Mei-Ling Kuo; Kuo-Tsun Hsu	Yueh-Tsang Lee; Hsien-Tao Chiu; Cheng-Hua Sun; Mei-Ling Kuo; Kuo-Tsun Hsu	Yueh-Tsang Lee; Hsien-Tao Chiu; Cheng-Hua Sun; Mei-Ling Kuo	Yueh-Tsang Lee; Hsien-Tao Chiu; Cheng-Hua Sun; Mei-Ling Kuo
NT\$1,000,000 ~ NT\$2,000,000 (exclusive)	Hui-Erh Yuan	Hui-Erh Yuan	Hui-Erh Yuan	Hui-Erh Yuan
NT\$2,000,000 ~ NT\$3,500,000 (exclusive)	Chwo-Ming Yu; Nai-Kuan Huang	Chwo-Ming Yu; Nai-Kuan Huang	Chwo-Ming Yu; Nai-Kuan Huang	Chwo-Ming Yu; Nai-Kuan Huang
NT\$3,500,000 ~ NT\$5,000,000 (exclusive)				
NT\$5,000,000 ~ NT\$10,000,000 (exclusive)				
NT\$10,000,000 ~ NT\$15,000,000 (exclusive)			Kuo-Tsun Hsu	Kuo-Tsun Hsu
NT\$15,000,000 ~ NT\$30,000,000 (exclusive)	Hsiao-Ling Chou	Hsiao-Ling Chou	Hsiao-Ling Chou	Hsiao-Ling Chou
NT\$30,000,000 ~ NT\$50,000,000 (exclusive)	Tien-Fu Lin	Tien-Fu Lin	Tien-Fu Lin	Tien-Fu Lin
NT\$50,000,000 ~ NT\$100,000,000 (exclusive)				
> NT\$100,000,000				
Total	\$ 65,696	\$ 65,696	\$ 76,992	\$ 76,992

(B) Remuneration to the general managers and assistant general managers (aggregate remuneration information, with the name(s) indicated for each remuneration range):

Title	Name	Salary (A)		Severance pension (B)		Bonuses and allowances etc. (C)		Employees compensation (D)				The sum of A, B, C and D as a percentage of after-tax net profit		Remuneration paid by investee enterprises other than the subsidiaries
		The Company	All companies listed in the consolidated financial report	The Company	All companies listed in the consolidated financial report	The Company	All companies listed in the consolidated financial report	The Company		All companies listed in the consolidated financial report		The Company	All companies listed in the consolidated financial report	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
General Manager	Kuo-Tsun Hsu (Note1, 4)	\$ 23,223	\$ 37,210	\$ -	\$ -	\$ 49,334	\$ 51,417	\$ 172	\$ -	\$ 172	\$ -	6.80%	8.30%	None
Executive Assistant Manager	Yi-Jui Kao													
Executive Assistant Manager	Chun-Chieh Wang													
Senior Assistant General Manager	Chia-Ling Tsai													
Senior Assistant General Manager	Shu-Fang Chen													
Senior Assistant General Manager	Lai-O Yen													
Senior Assistant General Manager	Jian-Wan Lai (Note2)													
Assistant General Manager	Wei-Pin Chuang													
Assistant General Manager	Min-Fang Wu													
Assistant General Manager	Lee-Ling Chien													
Assistant General Manager	Chun-Hao Chang													
Assistant General Manager	Ching-Yee Chang													
Assistant General Manager	Liang-Huei Yuan													
Assistant General Manager	Shih-Ming Lin (Note 3)													
COO of Yuanta Futures (Hong Kong) Co., Ltd	Fu-Chi Hsieh													
General Manager of Yuanta Futures (Hong Kong) Co., Ltd	Chun-Hsing Jen													
Assistant General Manager of Yuanta Futures (Hong Kong) Co., Ltd	Ying-Cheng Lin													

Note 1: In 2020, the cost after depreciation and fuel cost for the sedan provided to the General Manager, Kuo-Tsun Hsu, who concurrently served as Director, totaled \$819.

Note 2: The Senior Assistant General Manager, Jian-Wan Lai, took office on June 1, 2020.

Note 3: The Assistant General Manager, Shih-Ming Lin, took office on March 1, 2020.

Note 4: The General Manager, Kuo-Tsun Hsu, took office on October 29, 2020.

Note 5: In 2020, the remuneration paid to the Director's chauffeur totaled \$242, not included in the remuneration.

Note 6: The remuneration amounts of all companies, including Yuanta Futures (Hong Kong) Co., Ltd, shown in the consolidated financial report were translated at the exchange rate of HKD 1: TWD 3.6771 on December 31, 2020.

Table of remuneration range		
The range of remunerations to all general managers and assistant general managers of the Company	Names of the General Managers and the Assistant General Managers	
	The Company	All companies listed in the consolidated financial report E
<NT\$1,000,000		
NT\$1,000,000 ~ NT\$2,000,000 (exclusive)		
NT\$2,000,000 ~ NT\$3,500,000 (exclusive)	Lee-Ling Chien	Lee-Ling Chien; Fu-Chi Hsieh
NT\$3,500,000 ~ NT\$5,000,000 (exclusive)	Chia-Ling Tsai; Min-Fang Wu; Lai-O Yen; Jian-Wan Lai; Liang-Huei Yuan; Ching-Yee Chang; Wei-Pin Chuang; Shih-Ming Lin	Chia-Ling Tsai; Min-Fang Wu; Lai-O Yen; Jian-Wan Lai; Liang-Huei Yuan; Ching-Yee Chang; Wei-Pin Chuang; Shih-Ming Lin
NT\$5,000,000 ~ NT\$10,000,000 (exclusive)	Chun-Chieh Wang; Yi-Jui Kao; Shu-Fang Chen; Chun-Hao Chang	Chun-Chieh Wang; Yi-Jui Kao; Shu-Fang Chen; Chun-Hao Chang; Chun-Hsing Jen; Ying-Cheng Lin
NT\$10,000,000 ~ NT\$15,000,000 (exclusive)	Kuo-Tsun Hsu	Kuo-Tsun Hsu
NT\$15,000,000 ~ NT\$30,000,000 (exclusive)		
NT\$30,000,000 ~ NT\$50,000,000 (exclusive)		
NT\$50,000,000 ~ NT\$100,000,000 (exclusive)		
> NT\$100,000,000		
Total	\$ 72,729	\$ 88,799

- (3) Number of employees in non-supervisory positions, average annual employee benefit expense for the fiscal year, and the difference compared to those of the preceding year:

Item \ Year	2020	2019	Difference
Number of employees	389	348	41
Average benefit expense	\$ 1,179	\$ 1,153	\$ 26

(4) Labor-management relations

A. Elaborate on current significant agreement between labor and management and its implementation:

(A) Employees benefit policies:

- a. All employees of the Company shall join the labor insurance and group insurance, enjoying the insurance benefits.
- b. The Company holds on-the-job and professional training to enhance the knowledge and skills of its employees who shall not refuse to participate without reasonable causes.
- c. Employees could make recommendation to purchase various books and journals to improve knowledge, at any time, based on their actual needs; Head Office set up a 'reading area' in the office to provide various books for employees to read and borrow in their spare time to enrich knowledge and enhance competitiveness other than providing an environment for them to relax.
- d. To motivate employees to be passionate at work, holiday bonuses would be distributed for Chinese New Year, Dragon Boat Festival and Mid-Autumn Festival based on operation results. Distribution to the new staff is prorated based on their length of service.

(B) Professional development, training:

- a. Orientation: General training and department guidance.
- b. Department training: Professional skills training, work guidance, workshops, department meetings and reading group.
- c. Outsourced training: Exterior training and internal training with hired speakers.
- d. Nurturing training: Managerial talents nurturing program, internal speakers nurturing program and training for certificate examination.
- e. Overseas training: Overseas inspection, overseas education, overseas business internship.
- f. Project training: Intensive training for managerial staffs.
- g. Mandatory training: Pre job training for futures specialist and on job training for futures specialist (once every 2 years).

In order to improve the professionalism of internal audits, auditors are required to participate in internal audit workshops as well as external conferences. Financial staffs are also required to attend training courses organized by the competent authority.

(C) Retirement programs:

In accordance with the Labor Standards Law of the R.O.C., the Company contributes fund to the retirement fund deposited with Bank of Taiwan for future pension payment. Effective from July 1, 2005, the Company makes contribution to the account with the Bureau of Labor Insurance by adopting the new labor pension system under the Labor Pension Act.

(D) Other major agreement: None.

B. The losses sustained as a result of labor disputes in the most recent financial year, together with the disclosure of an estimate of losses incurred to date or likely to incur in the future and the mitigation measures taken or to be taken: None.

(5) The implementation of the internal control system

A. Statement of the internal control system is disclosed in the attachments of financial reports.

B. If a CPA has been engaged to carry out a project audit of the internal control system: None.

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2. Financial overview

(1) Condensed balance sheet and statement of comprehensive income

A. Balance sheet

Year Item		Separate financial information for the most recent five years (Note 1)				
		2020 (Note 2)	2019	2018	2017	2016
Current assets		\$ 91,215,855	\$ 68,897,983	\$ 68,078,674	\$ 53,600,861	\$ 59,736,730
Property and equipment		607,595	581,807	590,324	552,173	50,487
Other non-current assets		3,913,099	3,669,875	3,439,778	2,566,035	2,383,304
Current liabilities	Before dividend distribution	83,636,571	64,215,319	63,805,024	49,181,440	54,915,655
	After dividend distribution	-	65,015,243	64,455,397	49,645,993	55,489,377
Non-current liabilities		241,416	78,209	83,202	70,044	70,970
Share capital		2,899,763	2,322,763	2,322,763	2,322,763	2,322,763
Retained earnings	Before dividend distribution	4,610,872	4,296,129	3,776,318	3,291,906	2,991,707
	After dividend distribution	-	3,496,205	3,125,945	2,827,353	2,417,985
Total assets		95,736,549	73,149,665	72,108,776	56,719,069	62,170,521
Total liabilities	Before dividend distribution	83,877,987	64,293,528	63,888,226	49,251,484	54,986,625
	After dividend distribution	-	65,093,452	64,538,599	49,716,037	55,560,347
Total equity	Before dividend distribution	11,858,562	8,856,137	8,220,550	7,467,585	7,183,896
	After dividend distribution	-	8,056,213	7,570,177	7,003,032	6,610,174

Note 1: All financial information above has been audited.

Note 2: As of the date this report was issued, the proposal for the distribution of earnings has not been passed by the general meeting of shareholders.

Note 3: Other non-current assets refer to non-current assets which were presented under non-current assets other than property and equipment.

B. Comprehensive income statement

Item \ Year	Separate financial information for the most recent five years (Note 1)				
	2020	2019	2018	2017	2016
Revenues	\$ 3,721,526	\$ 2,738,631	\$ 3,431,314	\$ 2,887,768	\$ 2,884,110
Costs and expenses	(3,196,231)	(2,551,065)	(2,952,236)	(2,462,964)	(2,467,231)
Share of profit or loss of associates and joint ventures accounted for using equity method	(24,553)	14,421	(3,783)	(40,114)	(11,794)
Other gains and losses	824,838	1,208,025	770,287	640,410	585,171
Income before income tax	1,325,580	1,410,012	1,245,582	1,025,100	990,256
Net income	1,070,099	1,135,799	1,000,045	873,286	835,706
Earnings per share	4.23	4.89	4.31	3.76	3.60

Note 1: All financial information above has been audited.

Note 2: Other comprehensive income was excluded from income before income tax and net income.

Note 3: Earnings per share was expressed in New Taiwan dollars

C. The names of the CPA for the most recent five years, and their audit opinions

Accounting firm	Name of auditor		Year	Audit opinion
PwC Taiwan	Se-Kai Lin	Hsiu-Ling Lee	2016	Unqualified opinion
PwC Taiwan	Se-Kai Lin	Puo-Ju Kuo	2017	Unqualified opinion
PwC Taiwan	Se-Kai Lin	Puo-Ju Kuo	2018	Unqualified opinion
PwC Taiwan	Chiao-Sen Lo	Hsiu-Ling Lee	2019	Unqualified opinion
PwC Taiwan	Chiao-Sen Lo	Hsiu-Ling Lee	2020	Unqualified opinion

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(2) Financial analysis

Item \ Year		Separate Financial analysis for the most recent five years (Note 1)				
		2020	2019	2018	2017	2016
Financial structure (%)	Debts ratio	87.61	87.89	88.60	86.83	88.44
	Ratio of long-term capital to property, plant and equipment	1,965.20	1,534.18	1,406.64	1,365.08	14,369.77
Solvency (%)	Current ratio	109.06	107.29	106.70	108.99	108.78
	Quick ratio	109.06	107.28	106.69	108.97	108.77
Profitability	Return on assets (%)	1.27	1.56	1.55	1.47	1.40
	Return on equity (%)	10.33	13.30	12.75	11.92	11.97
	Percentage to the paid-in capital (%)	Operating income	18.12	8.08	20.63	18.29
		Income before tax	45.71	60.70	53.63	44.13
	Net profit margin (%)	28.75	41.47	29.14	30.24	28.98
	Earnings per share (\$)	4.23	4.89	4.31	3.76	3.60
Cash flow (%)	Cash flow ratio (%)	0.61	1.58	1.56	2.78	1.68
	Cash flow adequacy ratio (%)	123.84	102.85	99.38	95.81	86.49
	Cash flow reinvestment ratio (%)	(2.35)	4.00	6.32	10.41	5.38
The rates of other special requirements (%)	Shareholders' equity to adjusted total liabilities ratio	919.74	1,040.36	1,134.71	1,318.05	899.34
	Shareholders' equity to minimum paid-in capital ratio	1,118.73	835.48	775.52	704.49	619.30
	Adjusted net capital to required margins on futures traders' outstanding position	54.56	47.89	46.74	76.13	82.16
Explanation to major variations (only for variations above 20% over the most recent two years) 1. The ratio of long-term capital to property and equipment rose mainly due to the increase in cash capital. 2. The decline of return on equity in the current period was mainly due to the increase in cash capital. 3. The ratio of operating income to the paid-in capital in the current period rose mainly due to the increase in the brokerage. 4. The ratio of income before tax to the paid-in capital in the current period fell mainly due to the decrease in the other gains. 5. The decline of net profit margin in the current period was mainly due to the decrease in the other gains and losses. 6. The decline of cash flow ratio was mainly due to the decrease in net cash flows from operating activities. 7. The rise of cash flow adequacy ratio was mainly due to the decrease in the dividend payout in the last five years. 8. The decline of cash flow reinvestment ratio was mainly due to the increase in payment of cash dividends and other non-current assets. 9. The rise of shareholders' equity to adjusted total liabilities ratio was mainly due to the increase in cash capital. 10. The rise of shareholders' equity to minimum paid-in capital ratio in the current period was mainly due to the increase in cash capital.						

Note 1: All financial information above has been audited.

- (3) If the futures commission merchants or an affiliated enterprise has encountered any financial difficulties in the most recent fiscal year, the impact on the Company's financial condition shall be set forth: None.

3. Review and analysis of financial position, financial performance and cash flows

(1) Review and analysis of financial position

Item \ Year	2020	2019	Difference	
			Amount	Variation (%)
Current assets	\$ 91,215,855	\$ 68,897,983	\$ 22,317,872	32
Property and equipment	607,595	581,807	25,788	4
Other assets	3,913,099	3,669,875	243,224	7
Total assets	95,736,549	73,149,665	22,586,884	31
Current liabilities	83,636,571	64,215,319	19,421,252	30
Non-current liabilities	241,416	78,209	163,207	209
Total liabilities	83,877,987	64,293,528	19,584,459	30
Share capital	2,899,763	2,322,763	577,000	25
Capital surplus	3,070,484	940,976	2,129,508	226
Retained earnings	4,610,872	4,296,129	314,743	7
Other equity	1,277,443	1,296,269	(18,826)	(1)
Total equity	11,858,562	8,856,137	3,002,425	34
<p>1. Major changes in assets, liabilities, and shareholders' equity in the last two years (variations more than 20%); describe their cause:</p> <p>The increase in current assets was mainly due to increase in the margin deposits.</p> <p>The increase in current liabilities was mainly due to increase in the futures traders' equity.</p> <p>The increase in non-current liabilities was mainly due to the increase in lease liabilities.</p> <p>The increase in share capital was mainly due to the increase in cash capital.</p> <p>The increase in capital surplus was mainly due to the increase in cash capital.</p> <p>2. Future responsive plans:</p> <p>Not applicable as the above-mentioned variances are reasonable resulting from business operations.</p>				

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(2) Review and analysis of financial performance

Item \ Year	2020	2019	Increase (Decrease)	Variation (%)
Revenues	\$ 3,721,526	\$ 2,738,631	\$ 982,895	35.89
Costs and expenses	(3,196,231)	(2,551,065)	645,166	25.29
Share of profit or loss of subsidiaries, associates and joint ventures accounted for using equity method	(24,553)	14,421	(38,974)	(270.26)
Other gains and losses	824,838	1,208,025	(383,187)	(31.72)
Income from continuing operation before income tax	1,325,580	1,410,012	(84,432)	(5.99)
Income tax expense	(255,481)	(274,213)	(18,732)	(6.83)
Income from continuing operation after income tax	\$ 1,070,099	\$ 1,135,799	(\$ 65,700)	(5.78)
<p>Explanation to major variations (only for variations above 20% in current and prior periods)</p> <p>A. The increase in revenues was mainly due to the increase in brokerage revenues.</p> <p>B. The increase in costs and expenses was mainly due to the increase in the brokerage fee and the clearance fee.</p> <p>C. The decrease in share of profit or loss of subsidiaries, associates and joint ventures accounted for using equity method was mainly due to losses from investments in Yuanta Futures (Hong Kong) Co., Ltd. and SYF Information Co., Ltd.</p> <p>D. The decrease in other gains and losses was mainly due to the decrease in the interest incomes.</p>				

(3) Liquidity analysis

A. Liquidity analysis for the most recent 2 fiscal years

Item \ Year	2020	2019	Variation(%)
Cash flow ratio (%)	0.61	1.58	(61.39)
Cash flow adequacy ratio (%)	123.84	102.85	20.41
Cash flow reinvestment ratio (%)	(2.35)	4.00	(158.75)
<p>Explanation to major variations (only for variations above 20% in current and prior periods)</p> <p>1.The decline of cash flow ratio was mainly due to the decrease in net cash flows from operating activities.</p> <p>2.The rise of cash flow adequacy ratio was mainly due to the decrease in the dividend payout in the last five years.</p> <p>3.The decline of cash flow reinvestment ratio was mainly due to the increase in payment of cash dividends and other non-current assets.</p>			

B. Cash liquidity analysis for the coming fiscal year

Beginning cash balance (1)	Expected net cash flows from operating activities (2)	Expected cash outflow for the year (3)	Expected cash surplus (deficit) (1)+(2)-(3)	Financing of cash deficits	
				Investment plans	Financing plans
\$ 6,195,959	\$ 961,952	\$ 521,248	\$ 6,636,663	-	-

(4) The impact of any material capital expenditures over the most recent fiscal year upon the futures commission merchants' financial and operating condition

A. The implementation of major capital expenditures and the sources of funds: None.

B. Anticipated possible benefits: None.

(5) The futures commission merchants' policy for the most recent fiscal year on investments in other companies, the main reasons for profit/losses resulting therefrom, plans for improvement, and investment plans for the coming fiscal year

A. Investee enterprises

Name of investee enterprises	Main business activities	Acquisition costs (in thousands)	Shares (in thousands)	Ownership (%)	Investment gains/loss recognised in 2020 (in thousands)
Yuanta Futures (Hong Kong) Co., Ltd.	Financial Service	\$ 1,033,971	34,000	100%	(\$ 16,339)
SYF Information Co., Ltd.	Information Technology Service	350,000	35,000	100%	(8,214)

Note: Only the companies accounted for using equity method are disclosed.

B. Investment policy

The Company's investments were planned and executed according to its internal controls and its "Long and short-term investment policy". As part of its administration over investee enterprises, the Financial Accounting Department analyses investee enterprises' financial statements on a regular basis for insights into their individual business operations. The Financial Accounting Department is also responsible for administering The Company's investments. The Company has also established "Procedures on intercompany financials and operations" and "Regulation Governing Direct Investments" to regulate and manage investments.

C. Main reasons for losses and plans for improvement

Name of investee enterprises	Main reasons of loss	Plans for improvement
Yuanta Futures (Hong Kong) Co., Ltd.	<ol style="list-style-type: none"> 1. Impacted by factors such as the pandemic and the Mainland's foreign liquidity crunch, which resulted in limitation of the customers' funds to invest, combining with shrinking trading volume, and thus revenue declined. 2. Global interest rate was declining, leading to a continuous decrease in interest income, and it could only be partly offset by the profit generated by proprietary business. 	<ol style="list-style-type: none"> 1. It plans to strengthen its brokerage business and improve the income of the brokerage business through the differentiation of providing new commodities and entering into new markets. 2. It plans to develop new type of commodities for multiple business income sources. 3. It plans to expand operating revenue from proprietary business, with careful risk management, to fill the gap from the reduction of interest income.
SYF Information Co., Ltd.	For the year 2020, the Company recognised a loss due to liquidation of a subsidiary.	It plans to streamline the cost structure and strengthen investment management to reduce losses.

Note: Only the companies accounted for using equity method are disclosed.

D. Investment plan for the coming fiscal year: None.

(6) The section on the analysis and assessment of risks

A. The effect upon the futures commission merchants' profits (or losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future

(A) The effect upon the Company's profits (or losses) of exchange rate fluctuations and response measures to be taken in the future

- a. The Company engages in futures services. Its income derives mainly from domestic investors, and most of which are denominated in the local currency. For commission revenues denominated in foreign currencies, the Company recognises them as income at least once a month in accordance with its Customers' Margin Policy. In 2020, changes in the USD exchange rate resulted in a net loss of \$15,991 thousand. Judging from the above, exchange rate fluctuations had limited impacts on revenues as well as profit and loss.
- b. Responses to exchange rate fluctuations: The Company is not in need of making significant payments in foreign currencies, except for placing cash margins or paying USD interests on excess margins received. As a result, The Company monitors exchange rate movements based on the information provided by its banking partners for the best timing to make exchanges. The timing of currency exchange depends on the exchange

rate spread, interest rate spread, capital requirement and movements in the foreign currency market.

(B) The effect upon the Company's profits (or losses) of interest rate fluctuations and response measures to be taken in the future

a. The Company engages in futures services and generates stable cash inflow by offering customers a globalized trading platform, and therefore the Company has no external borrowings. Additionally, futures are traded with prepaid margins where futures investors must first deposit sufficient cash margin before trading in futures or options contracts, causing the company to pay interest on customers' margin account. The margin deposit increased from \$63,603,276 thousand as at December 31, 2019 to \$82,809,012 thousand as at December 31, 2020. Net interest income for the Company decreased from \$946,516 thousand in 2019 to \$675,691 thousand in 2020, representing a movement of (\$270,825) thousand; the rate of change was -28.61%. Interest rate fluctuations would impact on revenues as well as profit and loss.

b. The Company seeks to minimize the impacts of interest rate fluctuations on profit and loss by adopting the optimal financial structure and working closely with banks and various financial institutions to keep abreast of the dynamics of the financial market.

(C) The effect upon the Company's profits (or losses) of changes in the inflation rate and response measures to be taken in the future

a. Inflation variation triggers changes in interest rates, exchange rates, unemployment rates and other economic uncertainties, and is therefore considered a material factor to the overall economy and financial activities. It is a common consensus around the world that central banks should primarily aim to stabilize commodity prices, because price stability is the foundation on which an economy is able to sustain balanced and perpetual growth. According to the statistics published by the Directorate-General of Budget, Accounting, and Statistics, Executive Yuan, our consumer price index increased by 1.40%, 0.62%, 1.35%, 0.56% and -0.23% in 2016, 2017, 2018, 2019 and 2020, respectively. Under the effects of fluctuating commodity prices, oil prices, changes in the NT\$ exchange rates and the export price index etc., the wholesale price index increased by -2.99%, 0.90%, 3.63%, -2.26% and -7.80% in 2016, 2017, 2018, 2019 and 2020, respectively.

b. Inflation induced by fluctuating commodity prices will trigger producers' needs to hedge against commodity prices and speculators' desires to exploit price spreads, and thereby contributing to increase in futures trade volumes. Being a globalized futures service provider, the Company expects to gain from increased volatility in commodity prices.

B. The futures commission merchants' policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the

future:

The Company specializes in derivatives trading mainly in the form of futures and options. All traded instruments have been approved by the competent authority. Within the available capital authorized by the Board of Directors under risk limits, the Company structures, executes, reviews, and revises trading strategies according to internal policies and prescribed procedures as means for managing its trading gains/losses. Computer programs were incorporated to facilitate automated control where every authorized personnel executes trading strategies with limited and quantifiable risks; and it is within this risk tolerance that the Company seeks to maximize its trading profits.

Proprietary trading inevitably involves the risks of losses under unfavorable circumstances. However, a consistent trading strategy will ensure profitability over the long-term, and the focus lies in maintaining possible short-term losses within manageable levels for maximum long-term profitability. Therefore, in addition to monitoring value at risk on holding positions, the Company needs to implement standard operating procedures and computerized controls to minimize operational risks.

Since its inception, The Company has bested other industry participants in terms of profits and profit stability, because of its competitive advantage in personnel talents, trading strategies, and risk management. The Company will continue to grow these professional abilities to become a large scale, globalized asset management institution.

Pursuant to the “Rules Governing Futures Commission Merchants”, futures commission merchants are not allowed to lend funds or offer endorsements/guarantees to others.

C. Effect on the futures commission merchants' financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response:

Relevant personnel of Yuanta Futures and its subsidiaries always make advance analysis of the impacts on business operations from major changes in domestic and foreign policies and legal practices. In addition, the Company adjusts related internal operational strategies and SOPs in a timely manner to cope with the impacts of major changes in domestic and foreign policies and legal practices.

D. Effect on the futures commission merchants' financial operations of developments in science and technology as well as industrial change, and measures to be taken in response:

The advent of Internet technology changed the ways transactions to be engaged, and how services to be delivered. Futures commission merchants now require more specialized talents and more advanced equipment to accommodate the rise of e-trades and offer more complex software to deliver online services. Apart from purchasing new IT equipment, the Company also focuses on developing new software packages for customers and training its IT staff to meet the everchanging

IT environment.

- E. Effect on the futures commission merchants' crisis management of changes in the futures commission merchants' corporate image, and measures to be taken in response:

From the day it was incorporated, the Company had been renowned for its professional management, comprehensive services, and proprietary IT technologies. On top of which was a strong proprietary trading team that delivered top-notch performance and profitability in the futures industry. The Company's professional reputation has long been recognised in the market. The Company merged with Yuanta Futures on April 1, 2012, and through integrating the resources from Yuanta Financial Holdings and the old Polaris group, we not only endeavor in securing our existing advantages within domestic futures market, but also continue to form strategic cooperation internationally and proactively participate in the China futures market.

- F. Expected benefits and possible risks associated with any merger or acquisition, and measures to be taken in response:

Through merger, the two parties can integrate their overlapping businesses, personnel, software and hardware to improve competitive advantage, and thereby strengthening business profile as a whole, achieve economies of scale, and elevate international competitiveness.

- G. Expected benefits and possible risks associated with any plant expansion, and measures to be taken in response: None.

- H. Risks associated with any consolidation of business operations, and measures to be taken in response:

The risk exposure of the Company by counterparty's geographic area and industry is concentrated in Taiwan and financial institutions, respectively; the related default risk is remote after the assessment. The Company controls concentration of risk by setting management measures and annual risk limit for large risk exposures and reviews it periodically to ensure the Company is free from the risk associated with concentration of business.

- I. Effect upon and risk to the futures commission merchants in the event of any large transfer or changing of hands of shareholding of a director, a supervisor, or a shareholder holding greater than a 10 percent stake in the futures commission merchants, and measures to be taken in response:

The Company and its subsidiaries are operated by professional managers with thorough authorization and management regulations clearly defining the scope of responsibilities for each level of personnel to realise segregation of duties, as a result when a director or a major shareholder with over 10% holding transfer or exchange shareholdings, the impact to the Company is minimal.

- J. Effect upon and risk to the futures commission merchants associated with any change in

governance personnel or top management, and measures to be taken in response:

There would be no changes in management as the Company has a stable management team.

K. Litigious or non-litigious matters. List any major litigious, non-litigious, or administrative dispute that involves the futures commission merchants or any of its directors, supervisors, general manager, major shareholder holding a stake of greater than 10 percent, or any company or companies controlled by the futures commission merchants, and that has been concluded by a final and conclusive judgment or is still pending. Where such a dispute could materially affect shareholders' equity or the prices of the futures commission merchants' securities, the report shall disclose the facts of the dispute, the amount of money at stake in the dispute, the date of commencement of litigation, the main parties to the dispute, and the status of the dispute as of the date of the close of the fiscal year: None.

L. Other significant risks and measures to be taken in response:

The risk management organization of the Company includes the Board of Directors, Audit Committee, Auditing Office, high management level, Risk Management Department, Compliance Department, and all business units to collectively form three lines of defense for risk management.

(A) First line of defense: this includes each business unit, whose personnel is serving in the operational or administration division and have responsibilities for risk identification, risk assessment and risk control.

(B) Second line of defense: this includes high management level, Risk Management Department and Legal Compliance Department, which are responsible for risk monitoring, risk management and taking measures in response to risk issues.

(C) Third line of defense: this includes the Board of Directors, Audit Committee and Auditing Office. The Auditing Office adopts a risk-based audit approach. The Board of Directors and the Audit Committee, in addition to setting annual risk appetite, evaluate the risk of the overall business and management comprehensively to ensure every risk is under effective control.

(7) Crisis management mechanisms

When a crisis occurs, each unit shall assign operational risk manager or specific associate who is responsible for the risk to report as well as actively follow up and manage the operational risk events. The relevant responsibilities shall be properly handed over to the deputy if the manager or the specific associate takes leaves.

The related procedures are executed as follows:

A. When each unit discovers or identifies an operational risk event, with or without the amount of

loss, it shall, report the event according to the reporting process and send it to Risk Management Department after being confirmed by the department managers within two business days from the following day.

- B. The contents of the events reported by each unit shall be clearly described.
- C. Risk Management Department may, upon receipt of the event reports from each unit, collaborate with the relevant unit where necessary.
- D. Each unit shall update the development of the reported event or report the close of the event after it confirms that the incurrence of a major development or a loss improvement plan, future risk reduction measures and a loss amount (including accounting treatment of the loss amount).
- E. Each unit shall describe the current type of risk transfer if it has adopted the risk transfer in response to the reported event.
- F. Risk Management Department shall analyze the reported events periodically, and establish the internal events database as the basis for operational risk measurement.

(8) Other important matters: None.

4. Information regarding CPA

(1) Information on professional fees

- A. The non-audit fees paid to the CPA, to the accounting firm of the CPA, and to any affiliated enterprise of such accounting firm are equivalent to one quarter or more of the audit fees: None.
- B. The futures commission merchants change its accounting firm and the audit fees paid for the financial year in which the change took place are lower than those paid for the financial year immediately preceding the change: None.
- C. The audit fees paid for the current financial year are lower than those paid for the immediately preceding financial year by 10 percent or more: None

(2) Information on change in CPA

Due to organizational changes within PwC, starting from the first quarter in 2019, the Company changed its CPAs from Se-Kai Lin and Puo-Ju Kuo to Chiao-Sen Lo and Hsiu-Ling Lee.

- (3) Where the futures commission merchants' chairperson, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its auditing CPAs or at an affiliated enterprise of such accounting firm: None.

YUANTA FUTURES CO., LTD.

DISCLOSURE OF SECURITIES DEPARTMENT

DECEMBER, 31 2020 AND 2019

YUANTA FUTURES CO., LTD.
SECURITIES DEPARTMENT BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2020		December 31, 2019	
			AMOUNT	%	AMOUNT	%
Current assets						
111100	Cash and cash equivalents	6(1)	\$ 587,793	72	\$ 690,406	88
112000	Financial assets at fair value through profit or loss - current	6(2)	179,436	22	75,831	10
114130	Accounts receivable		32,265	4	1,919	-
114600	Current income tax assets		334	-	198	-
110000	Subtotal current assets		799,828	98	768,354	98
Non-current assets						
129010	Operating guarantee deposits	6(3), 7 and 8	10,000	1	10,000	1
129020	Clearing and settlement funds	6(3)	7,424	1	7,422	1
120000	Subtotal non-current assets		17,424	2	17,422	2
906001	Total Assets		\$ 817,252	100	\$ 785,776	100
Liabilities and Equity						
Current liabilities						
214130	Accounts payable		\$ 1,664	-	\$ 1,868	-
214160	Collection for third parties		8	-	9	-
214170	Other payables		122	-	61	-
210000	Subtotal current liabilities		1,794	-	1,938	-
229000	Other non-current liabilities		-	-	9	-
220000	Subtotal non-current liabilities		-	-	9	-
906003	Total Liabilities		1,794	-	1,947	-
Capital						
301110	Operating capital		800,000	98	800,000	102
Retained earnings						
304040	Undistributed earnings (accumulated deficit)		15,458	2	(16,171)	(2)
906004	Total equity		815,458	100	783,829	100
906002	Total liabilities and equity		\$ 817,252	100	\$ 785,776	100

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

YUANTA FUTURES CO., LTD.
SECURITIES DEPARTMENT STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars)

			Year ended December 31			
			2020		2019	
			AMOUNT	%	AMOUNT	%
Items		Notes				
Revenues						
410000	Gains on trading of securities	6(2)	\$ 35,200	90	\$ 9,646	48
421300	Dividend income	6(2)	2,087	5	2,075	11
421500	Gains on valuation of trading securities	6(2)	1,897	5	8,272	41
400000	Total revenues		39,184	100	19,993	100
Costs and expenses						
502000	Dealer handling fee		(139)	-	(78)	-
531000	Employee benefit expense		(6,468)	(17)	(2,572)	(13)
533000	Other operating expenses		(4,429)	(11)	(2,680)	(14)
500000	Total costs and expenses		(11,036)	(28)	(5,330)	(27)
Operating income			28,148	72	14,663	73
602000	Other gains and losses	7	3,481	9	4,813	24
902005	Net income		\$ 31,629	81	\$ 19,476	97
Total comprehensive income			\$ 31,629	81	\$ 19,476	97

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

YUANTA FUTURES CO., LTD.
NOTES TO THE DISCLOSURE OF SECURITIES DEPARTMENT
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, Unless Otherwise Indicated)

1. HISTORY AND ORGANIZATION

The Department was approved by the competent authority to engage in securities dealing business on April 28, 2010, and it officially launched business on July 2, 2010.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These department financial statements were authorized for issuance by the Board of Directors on March 18, 2021.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

New standards, interpretations and amendments endorsed by the FSC effective from 2020 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1 and IAS 8, ‘Disclosure initiative-definition of material’	January 1, 2020
Amendments to IFRS 3, ‘Definition of a business’	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7, ‘Interest rate benchmark reform’	January 1, 2020
Amendment to IFRS 16, ‘Covid-19-related rent concessions’	June 1, 2020 (Note)

Note : Earlier application from January 1, 2020 is allowed by FSC.

The above standards and interpretations have no significant impact to the Department’s financial condition and financial performance based on the Department’s assessment.

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

New standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 4, 'Extension of the temporary exemption from applying IFRS 9'	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, 'Interest Rate Benchmark Reform— Phase 2'	January 1, 2021

The above standards and interpretations have no significant impact to the Department's financial condition and financial performance based on the Department's assessment.

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

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts—cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

The above standards and interpretations have no significant impact to the Department's financial condition and financial performance based on the Department's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

The financial statements of the Department have been prepared in accordance with the Regulation

Governing the Preparation of Financial Reports by Securities Firms.

(2) Basis of preparation

- A. Except for the following items, the Department financial statements have been prepared under the historical cost convention:
Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Department’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Department financial statements are disclosed in Note 5.

(3) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - (A) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
 - (B) Assets held mainly for trading purposes;
 - (C) Assets that are expected to be realised within twelve months from the balance sheet date;
 - (D) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
 - (A) Liabilities that are expected to be settled within the normal operating cycle;
 - (B) Liabilities arising mainly from trading activities;
 - (C) Liabilities that are to be settled within twelve months from the balance sheet date;
 - (D) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the consolidated balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(4) Cash and cash equivalents

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

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at

amortised cost or fair value through other comprehensive income. Financial assets at amortised cost or fair value through other comprehensive income are designated as at fair value through profit or loss at initial recognition when they eliminate or significantly reduce a measurement or recognition inconsistency.

- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Department measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Department subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Department recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Department and the amount of the dividend can be measured reliably.

(6) Accounts receivable

- A. Accounts receivable entitle the Department a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(7) Impairment of non-financial assets

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

(8) Impairment of financial assets

For accounts receivable, operation guarantee deposits, and clearing and settlement funds, at each reporting date, the Department recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts.

5. CRITICAL ACCOUNTING JUDGEMENT, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these Department financial statements requires management to make critical judgements in applying the Department's accounting policies and make critical assumptions and estimates concerning future events. The significant accounting estimates and such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. The management assessed that the Department had no significant accounting estimates and assumptions.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Demand deposits	\$ 17,793	\$ 25,406
Time deposits	570,000	665,000
	<u>\$ 587,793</u>	<u>\$ 690,406</u>

A. The Department transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

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

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

	December 31, 2020	December 31, 2019
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 168,430	\$ 66,624
Beneficiary certificates	1,408	1,506
	169,838	68,130
Valuation adjustment	9,598	7,701
	<u>\$ 179,436</u>	<u>\$ 75,831</u>

Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	For the years ended December 31,	
	2020	2019
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 38,871	\$ 19,326
Beneficiary certificates	313	667
Total	<u>\$ 39,184</u>	<u>\$ 19,993</u>

(3) Other assets

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Operating guarantee deposits	\$ 10,000	\$ 10,000
Clearing and settlement funds	7,424	7,422
	<u>\$ 17,424</u>	<u>\$ 17,422</u>

A. In accordance with “Securities and Exchange Act” and “Regulations Governing Securities Firms”, operating guarantee deposits shall deposit in financial institutions designated by the FSC.

B. In accordance with “Securities and Exchange Act” and “Regulations Governing Securities Firms”, clearing and settlement fund shall deposit in Taiwan Stock Exchange Corporation and Taipei Exchange.

C. As at December 31, 2020 and 2019, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the other assets held by the Department was \$17,424 and \$17,422 respectively.

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The Company’s ultimate controlling party is Yuanta Financial Holding Co., Ltd., which owns 66.27% of the Company’s shares.

(2) The names and relationship of related parties

<u>Names</u>	<u>Relationship with the Company</u>
Yuanta Bank	The same group of enterprises

(3) Significant related party transactions and balances

A. Operating guarantee deposits

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Fellow subsidiary		
Yuanta Bank	<u>\$ 10,000</u>	<u>\$ 10,000</u>

B. Interest income

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Fellow subsidiary		
Yuanta Bank	<u>\$ 90</u>	<u>\$ 538</u>

C. Property transaction

As of December 31, 2020 and 2019, the cost of the Department’s holding of funds managed by fellow subsidiary were \$1,318 and \$0, and the fair value of such investments were \$1,349 and \$0, respectively.

The gains on disposal of beneficiary certificates were \$818 and \$1,542 for the years ended December 31, 2020 and 2019, respectively.

8. PLEDGED ASSETS

None.

9. SIGNIFICANT COMMITMENTS AND CONTINGENT LIABILITIES COMMITMENTS

None.

10. SIGNIFICANT LOSS FROM NATURAL DISASTER

None.

11. DISCLOSURES OF FINANCIAL INSTRUMENTS INFORMATION

Please refer to 2020 financial statements of the Company.

12. SPECIFIC INHERENT RISKS IN PROPRIETARY SECURITY BUSINESS

(1) The primary risk of the Department's securities dealing business is market price risk. The securities held are measured at fair value, and market prices of securities are price index sensitive, the Department employs sounding strategy to reduce the degree of exposure to relevant risks.

(2) The Department adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

A. The Department determines that there has been a significant increase in credit risk on a receivable, if it is either past due over 30 days or in violation of the terms of the agreement.

B. The definition of a financial asset in default

The Department adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.

C. Write off policy

If the Department cannot reasonably expect to recover the entire or part of the financial asset, it will write off the entire or part of the financial asset.

D. Measurement of expected credit loss and consideration of forward-looking information

Obtain historical loss rates (based on the historical losses from the past three years, compare the current and past economic environments to the predicted future environment (forward-looking factor) and determine if there is a significant change; adjust the estimate for future loss rates accordingly).

On December 31, 2020 and 2019, the Department's total carrying amount and maximum exposure to credit risk amount of account receivable were \$32,265 and \$1,919, respectively.

13. INCOME STATEMENTS BASED ON THE TYPE OF BUSINESS

N/A

14. SEGMENT INFORMATION

N/A

15. SUBSEQUENT EVENTS

None.

16. RELATED INFORMATION OF SIGNIFICANT TRANSACTIONS

None.

17. INFORMATION ON INVESTEEES (NOT INCLUDING INVESTEEES IN MAINLAND CHINA)

None.

18. DISCLOSURE OF INFORMATION ON SETTING UP BRANCH OFFICES AND
REPRESENTATIVE

None.

19. DISCLOSURE OF INFORMATION ON INDIRECT INVESTMENT IN MAINLAND CHINA

None.

20. OTHERS

None.

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YUANTA FUTURES CO., LTD. SECURITY DEPARTMENT
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Demand deposits	Nanmen Branch of Hua Nan Bank #117100173568	\$ 15,639	
	Nanmen Branch of Hua Nan Bank #117100173636	2,154	
Time deposits	All will mature in 1 year, the interest rate is 0.22%~0.80%	570,000	
		<u>\$ 587,793</u>	

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YUANTA FUTURES CO., LTD. SECURITY DEPARTMENT
STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT
DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Name of Financial Instrument	Description	Shares (in thousands)	Face Value	Total Amount (in thousands)	Interest Rate	Cost	Fair Value		Amount of the fair value attributable to change in the credit risk	Note
							Unit Price (dollars)	Total Amount		
<u>Listed stocks</u>										
Elite Semiconductor Microelectronics Tech Inc		246				\$ 15,257	\$ 64.70	\$ 15,916		
GREAT WALL ENTERPRISE CO., LTD.		270				12,799	50.80	13,716		
TAISUN ENTERPRISE CO.,LTD.		360				8,493	27.60	9,936		
SANYANG MOTOR CO., LTD.		268				6,360	35.70	9,567		
TA YA ELECTRIC WIRE & CABLE		200				3,936	20.10	4,020		
China Steel Corporation		149				3,656	24.75	3,687		
FARADAY TECHNOLOGY CORP.		69				3,531	50.90	3,512		
CHINA PETROCHEMICAL DEVELOPMENT CORPORATION		313				3,373	11.65	3,647		
CATHAY FINANCIAL HOLDING CO., LTD.		78				3,282	42.25	3,295		
HON HAI PRECISION IND. CO., LTD.		33				3,015	92.00	3,036		
Pan-International Industrial Corp.		126				2,987	25.65	3,231		
ECLAT TEXTILE CO., LTD.		7				2,906	422.50	2,957		
Wiwynn Corporation		4				2,893	704.00	2,956		
SHINKONG SYNTHETIC FIBERS CORPORATION		188				2,676	14.25	2,679		
WPG HOLDINGS LIMITED		64				2,611	42.90	2,745		
WALSIN LIHWA CORPORATION		132				2,527	19.30	2,548		
Taiwan High Speed Rail Corporation		76				2,377	31.70	2,409		
TAIWAN FERTILIZER CO., LTD.		40				2,144	54.20	2,168		
SYSTEX CORPORATION		24				2,102	87.70	2,105		
Everlight Electronics Co., Ltd.		54				2,049	42.20	2,279		
CHUNG-HSIN ELECTRIC & MACHINERY MFG. CORP.		35				1,917	53.60	1,876		
Qisda Corporation		73				1,915	28.95	2,113		
GRAND PACIFIC PETROCHEMICAL CORPORATION		79				1,890	23.75	1,876		

YUANTA FUTURES CO., LTD. SECURITY DEPARTMENT
STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT (Cont.)
DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Name of Financial Instrument	Description	Shares (in thousands)	Face Value	Total Amount (in thousands)	Interest Rate	Cost	Fair Value		Amount of the fair value attributable to change in the credit risk	Note
							Unit Price (dollars)	Total Amount		
AcBel Polytech Inc.		65				\$ 1,888	\$ 28.95	\$ 1,882		
SUNPLUS TECHNOLOGY CO.,LTD.		110				1,885	18.30	2,013		
Longchen Paper & Packaging Co., Ltd.		86				1,779	23.25	2,007		
NOVATEK MICROELECTRONICS CORP.		6				1,777	369.00	2,214		
Alpha Networks Inc.		58				1,769	31.25	1,813		
UNI-PRESIDENT ENTERPRISES CORP.		25				1,638	67.50	1,688		
TONG YANG INDUSTRY CO.,LTD		42				1,620	39.00	1,638		
Wistron NeWeb Corporation		20				1,564	77.70	1,554		
SHENG YU STEEL CO., LTD.		66				1,562	25.00	1,650		
FOXCONN TECHNOLOGY CO., LTD		24				1,298	53.40	1,282		
NAN YA PLASTICS CORPORATION		17				1,169	71.90	1,222		
INVENTEC CORPORATION		52				1,164	24.00	1,248		
AU Optronics Corp.		76				1,157	14.00	1,064		
CHIN-POON INDUSTRIAL CO., LTD.		35				1,069	31.70	1,110		
RUENTEX INDUSTRIES LIMITED		14				970	69.70	976		
ZINWELL CORPORATION		50				953	19.75	987		
Taiwan Paiho Limited		13				946	74.00	962		
Synnex Technology International Corp.		22				940	47.00	1,034		
Highwealth Construction Corp.		20				918	45.85	917		
HUAKU DEVELOPMENT CO., LTD.		10				883	87.80	878		
OPTOTECH CORPORATION		32				829	27.50	880		
INNOLUX CORPORATION		52				796	14.10	733		
TA CHEN STAINLESS PIPE CO., LTD.		26				789	31.30	814		
Cheng Shin Rubber Ind., Co., Ltd.		18				769	44.05	793		

YUANTA FUTURES CO., LTD. SECURITY DEPARTMENT
STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT (Cont.)
DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Name of Financial Instrument	Description	Shares (in thousands)	Face Value	Total Amount (in thousands)	Interest Rate	Cost	Fair Value		Amount of the fair value attributable to change in the credit risk	Note
							Unit Price (dollars)	Total Amount		
TXC CORPORATION		10				\$ 744	\$ 74.90	\$ 749		
HTC Corporation		24				743	30.75	738		
Asia Cement Corporation		15				668	43.20	648		
MiTAC Holdings Corporation		22				641	29.50	649		
DARFON ELECTRONICS CORP		15				640	43.35	650		
China Man-Made Fiber Corporation		55				606	11.20	616		
Shin Kong Financial Holding Co.,Ltd.		64				550	8.81	564		
BES Engineering Co.		56				548	10.00	560		
KINDOM DEVELOPMENT CO., LTD.		15				511	33.65	505		
TPK Holding Co., Ltd.		11				509	46.30	509		
ENNOCONN CORPORATION		2				500	251.00	502		
YULON MOTOR CO.,LTD		12				470	46.90	563		
D-LINK CORPORATION		16				460	28.70	459		
Namchow Holdings Co., Ltd.		10				453	47.00	470		
NANYA TECHNOLOGY CORPORATION		5				424	86.80	434		
CMC Magnetics Corporation		46				405	9.49	437		
TAIWAN TEA CORPORATION		23				404	17.90	412		
RUENTEX DEVELOPMENT CO.,LTD.		10				402	40.90	409		
EVA AIRWAYS CORPORATION		28				389	13.15	368		
Compal Electronics, Inc.		18				357	20.70	373		
CTBC FINANCIAL HOLDING CO., LTD.		18				349	19.70	355		
Wistron Corporation		10				304	31.00	310		
LITE-ON TECHNOLOGY CORP.		6				281	49.80	299		
Fubon Financial Holding Co., Ltd.		6				279	46.75	281		

YUANTA FUTURES CO., LTD. SECURITY DEPARTMENT
STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT (Cont.)
DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Name of Financial Instrument	Description	Shares (in thousands)	Face Value	Total Amount (in thousands)	Interest Rate	Cost	Fair Value		Amount of the fair value attributable to change in the credit risk	Note
							Unit Price (dollars)	Total Amount		
CHINA DEVELOPMENT FINANCIAL HOLDING CORP.		20				\$ 181	\$ 9.30	\$ 186		
China Life Insurance Co., Ltd.		7				146	22.20	157		
EVERGREEN MARINE CORP. (TAIWAN) LTD.		4				143	40.70	163		
ASIA OPTICAL CO., INC.		1				73	73.90	74		
Subtotal						137,008		146,073		
<u>OTC stocks</u>										
CO-TECH DEVELOPMENT CORP.		87				\$ 4,663	\$ 53.30	\$ 4,637		
PharmaEngine, Inc.		55				3,207	57.90	3,184		
ADVANCED WIRELESS SEMICONDUCTOR COMPANY		24				3,164	135.00	3,240		
Chunghwa Precision Test Tech. Co., Ltd.		4				3,044	764.00	3,056		
E INK HOLDINGS INC.		62				2,844	45.80	2,840		
Vanguard International Semiconductor Co.		20				2,073	116.00	2,320		
GLORIA MATERIAL TECHNOLOGY CORP		97				1,688	17.20	1,668		
PROSPERITY DIELECTRICS CO., LTD.		24				1,607	66.60	1,598		
TAIWAN SEMICONDUCTOR CO., LTD.		23				1,455	62.20	1,431		
Dynapack International Technology Corporation		17				1,377	84.40	1,435		
HU LANE ASSOCIATE INC.		13				1,275	114.00	1,482		
PChome online Inc.		12				1,100	90.00	1,080		
WAFER WORKS CORPORATION		21				851	42.80	899		
SPEED TECH CORP.		8				776	93.70	750		
Center Laboratories, Inc.		10				690	69.30	693		
ADATA Technology Co., Ltd.		6				449	73.00	438		
UBRIGHT OPTRONICS CORPORATION		10				409	41.05	411		
Coretronic Corporation		10				403	40.55	405		

YUANTA FUTURES CO., LTD. SECURITY DEPARTMENT
STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT (Cont.)
DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Name of Financial Instrument	Description	Shares (in thousands)	Face Value	Total Amount (in thousands)	Interest Rate	Cost	Fair Value		Amount of the fair value attributable to change in the credit risk	Note
							Unit Price (dollars)	Total Amount		
Ardentec Corporation		6				\$ 225	\$ 38.65	\$ 232		
Xxentria Technology Materials Co.,Ltd		2				122	60.60	121		
Subtotal						31,422		31,920		
<u>Beneficiary certificates</u>										
W.I.S.E. Yuanta/P-shares CSI 300 ETF		57				1,318	23.67	1,349		
Cathay FTSE China A50 ETF		2				52	27.45	55		
Fubon SSE180 ETF		1				38	38.31	39		
Subtotal						1,408		1,443		
Total						\$ 169,838		\$ 179,436		

YUANTA FUTURES CO., LTD. SECURITY DEPARTMENT
STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2020
 (Expressed in thousands of New Taiwan dollars)

Client	Description	Amount	Note
Taiwan Stock Exchange	Accounts receivable from trading	\$ 32,265	

Note: The ageing of the accounts receivable are all within 30 days.

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YUANTA FUTURES CO., LTD. SECURITY DEPARTMENT
STATEMENT OF EMPLOYEE BENEFITS, DEPRECIATION, AMORTIZATION AND OTHER
OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Item	2020	2019	Note
Employee benefit expense (Note):			
Wages and salaries	\$ 6,023	\$ 2,250	
Labor and health insurance fees	250	180	
Pension costs	118	116	
Other personnel expenses	77	26	
	<u>6,468</u>	<u>2,572</u>	
Other operating expenses:			
Tax expenses	3,415	1,960	
Computer information expenses	943	652	
Institutional membership fees	28	29	
Other expenses	43	39	
	<u>4,429</u>	<u>2,680</u>	
	<u>\$ 10,897</u>	<u>\$ 5,252</u>	

Note1: 1. The Department had 2 and 2 employees in 2020 and 2019, respectively.

The Department has no director.

2. Average employee benefit expense was \$3,234 and \$1,286, respectively.

3. Average wages and salaries was \$3,012 and \$1,125, respectively.

4. Year on Year change in average employee wages and salaries was 167.73%.

5. Supervisors' remuneration in the 2020 and 2019 were both \$0. (Because of the establishment of Audit Committee, there's no supervisors' remuneration.)

6. Please illustrate the remuneration policy of the Company. (Including directors, supervisors, managers and employees)

Please find the remuneration policy of the Department in the 2020 parent company only financial statements, in the statements of employee benefits, depreciation, amortization and other operating expenses.

YUANTA FUTURES CO., LTD. SECURITY DEPARTMENT
STATEMENT OF OTHER GAINS AND LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2020
 (Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Other gains			
Interest income		\$ <u>3,481</u>	

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