

Stock Code: 6023



Yuanta Futures Co., Ltd.

2019 Annual Report

Date published: January 31, 2020

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

I. Spokesperson and Deputy Spokesperson:

Spokesperson	Deputy Spokesperson
Name: Hsiao-Ling Chou	Name: Chun-Chieh Wang
Title: President	Title: Executive Vice President
TEL: (02)2717-6000#7202	TEL: (02)2717-6000#7206
E-mail: Carolyn@yuanta.com	E-mail: AllenWang@yuanta.com
	Name: Liang-Huei Yuan
	Title: Vice President
	TEL: (02)2717-6000#7470
	E-mail: KarenYuan@yuanta.com

II. Address and telephone number of the Head Office and branches:

Company name	Address	TEL
Head Office	11F and 12F, No. 225, Section 3, Nanjing East Road, Zhongshan District, Taipei City	(02)2717-6000
Hsinchu Branch	B1-1, No. 373, Sec. 1, Guangfu Rd., Hsinchu City	(03)666-2558
Taichung Branch	4F.-1, No. 8, Sec. 2, Ziyou Rd., Central Dist., Taichung City	(04)3703-3368
Tainan Branch	4F., No. 147, Kaiyuan Rd., North Dist., Tainan City	(06)235-5999
Kaohsiung Branch	7F.-1, No. 143, Zhongzheng 4th Rd., Qianjin Dist., Kaohsiung City	(07)215-7777

III. Name, address, website, and contact number of share administration agency:

Name: Share Administration Department, Yuanta Securities Co., Ltd. TEL: (02)2586-5859
Address: B1F., No. 210, Sec. 3, Chengde Rd., Datong Dist., Taipei City Website: <http://www.yuanta.com.tw/>

IV. Auditor and accounting firm of the latest audited financial report

Name of CPA: Chiao-Sen Lo, Hsiu-Ling Li
Accounting firm: PwC Taiwan TEL: (02)2729-6666
Address: 27F., No. 333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei City Website: <http://www.pwc.tw/>

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

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

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One. Report to Shareholders

1. Market Overview

In 2018, due to frequent international risk events, most futures commodities fluctuated greatly. In 2019, although market fluctuations dropped, but issues such as the US-China trade war and Brexit continued; however, it was still a good year for the futures industry. As for the domestic market, the 2019 FITX annualized volatility was 10.71%, a significant decrease from 16.21% in 2018; although the total volume of the Taiwan Futures Exchange was slightly reduced compared to the year of 2018, it was for 261 million units, of which, FITX option was 170 million units, FITX was 34 million units, FIMTX was 29 million units, and the stock futures was 20 million units. The newly listed G2F and Nasdaq-100 Index were with 42,000 units and 76,000 units, respectively. The futures trading volume of pound to US dollar, Australian dollar to US dollar, and Brent crude oil launched in 2018 showed a slight growth. In addition, the after-hour trading volume was 54.8 million units, representing 29.8% of the total trading volume. Trading was still active. In terms of the number of futures accounts opened, there were 1,859,742 natural person accounts, while the number of trading accounts decreased slightly. The trading ratio of natural person accounts to legal person accounts was maintained at the ratio of 48:52. In the prospect of 2020, the plan of having MTIF spot transaction launched on March 23 will help futures and spot transaction combine closely.

For the performance of commodity futures, in terms of energy: Natural gas was weakened due to warm winter expectations, crude oil was supported by OPEC + production cuts and the sharp decline in crude oil exports from Venezuela and Libya in conjunction with US sanctions against Iran, and US oil shale production continued to stay record high. Crude oil demand is expected to weaken due to economic slowdown expectation, causing oil prices to fluctuate in the second half of the year. In terms of metal futures: Regular metal is generally suppressed by the economic slowdown expectation, while precious metal was supported by the risk hedging demand due to the impact of the aforementioned risks. Palladium was in short supply due to increased environmental awareness, and it replaced gold as the most precious metal futures in the middle of the year, with an annual price increased by 52%. In addition, for agricultural futures, in addition to being affected by the trade war, it was also affected by weather and product features; for example, wheat futures were affected by drought in Australia and Argentina that showed a volatile rise.

In addition, due to the impact of the COVID-19 pandemic originated from China and the continuing US-China trade conflict, as well as global geopolitical risk and uncertainty factors, such as, changes in the US presidential election, Brexit, Japan-South Korea trade conflict, and the Hong Kong Anti-Extradition Law Amendment Bill Movement, the world economic slowdown trend becomes more obvious in 2020.

The Company has spared no effort in strengthening a variety of business management, including notably the efforts to maximize shareholders' equity and profitability which have been manifested through various business performance objectives: In terms of financial performance, in 2019 our net profit after tax came to NT\$1,136 million, coming out first amidst all futures houses, with earnings per share (EPS) after tax coming to @NT\$4.89 and post-tax ROE at 13.30%. In terms of business performance results, Yuanta Futures attained a market share of a remarkable 23.25% in futures brokerage, 15.51% in option brokerage and 26.76% in overseas futures exchanges, ranking first in all categories and leaving the runner-ups too far behind to catch up.

The Company fully implemented AML/CFT risk control in 2019. The Company comprehensively reviewed the internal policies and risk control measures through the anti-money laundering and counter-terrorism financing meetings, combined the department of

compliance, risk management, information, settlement, and auditing to establish a solid defense line of control for the Company taking as a whole, strengthened the awareness and cultural development of relevant personnel in anti-money laundering and counter-terrorism financing, and effectively implemented the Company's goals of risk control and stable operation.

2. Corporate governance

- (1) Participating in the 10th, 11th, and 12th "Information Disclosure Ranking Results in Taiwan by the Securities and Futures Institute" of the ROC Securities and Futures Institute with the highest honor of "A++" rating received; also, the Company is the one and only futures company in Taiwan receiving such honor for three consecutive years. It indicates that the Company's dedication to actively deploy new business and promote business; also, value and substantiate the concrete practice of corporate governance.
- (2) Participated in the "Corporate Governance Evaluation" held by the Taiwan Stock Exchange (TWSE) and Taipei Exchange (TPEX) and the Company had been ranked in the top-5% of the listed companies for 5 consecutive years (from 2014 to 2018). It was indeed a true recognition on the Company's continuing commitment to protect the rights of shareholders and the pursuit of sustainable development of the Company based on the principle of ethical corporate management.
- (3) After April 2012, the Board of Directors had the "Audit Committee" setup to replace the functions of supervisors, to supervise the Company's financial operations, internal control, regulatory compliance, and risk control for emphasizing an open and transparent management philosophy. The Audit Committee had convened 14 meetings in 2019.
- (4) In order to implement the Fair Dealing Principle, the Company completed the Fair Dealing Committee Organization and Operation Rules and set up the Fair Dealing Committee on October 4, 2019. The general manager served as the chairman of the Committee with a dedicated unit set up to supervise the promotion and implementation of the Fair Dealing Principle, and also to implement various actions to optimize the fair dealing according to the resolutions and instructions of the Board of Directors in order to enhance the protection of consumers' rights.

3. Operating results

In 2019, the Company continued intensifying a variety of business management, including the efforts to boost the profitability of the shareholders' equity, put into implementation thoroughly risk management, implement the targets of proprietary dealing and brokerage businesses which have been embodied through various business targets below:

- (1) In terms of financial performance: The Company's net income in 2019 amounted to NT\$1.136 billion, which was a record high and was ranked in the first place among the futures merchants, and with a net EPS of NT\$4.89 and a net ROE of 13.30%.
- (2) In terms of business performance: the market share of futures brokerage was 23.25%, with a turnover of more than 41.86 million units, the market share of option brokerage was 15.51% with a turnover of more than 52.97 million units, and the market share of foreign futures was 26.76% with a turnover of 10.2 million units, which was a slight decline compared with the year of 2018, but was ranked first place in the market as well, and outperformed peers significantly.
- (3) Credits and honors: As a leading futures brand in Taiwan, apart from providing investors with the best platform service for futures transaction through transparent operations and scrupulous governance and internal control, taking into account R & D capabilities and innovation, we adhere to our core value to become a benchmarking brand in Asia-Pacific's

financial market.

Credits and honors in 2019:

1. Awarded with the honor of the 5th corporate governance “OTC company top five-percent performance.”
2. No. 1 in the futures sector, Taiwan Top 2000, *CommonWealth Magazine*.
3. No. 1 in futures companies amongst the Top 5000 large corporations in Taiwan.
4. Awarded with the Reader’s Digest Brand Survey - Futures Category Platinum Award.
5. The only public futures company to win the “Excellence in Corporate Social Responsibility” in the Little Giant Group.
6. Awarded with the “Best Brokerage House of the year” by The Asset magazine.
7. Taiwan Futures Exchange 5th “Futures Diamond Award - The 1st Place of Futures Broker Trade Volume Diamond Award and the 2nd Place of Futures Dealer Volume Growth Award”.
8. Awarded with the “Outstanding Enterprise and “Most Popular Brand” at the 16th National Brand Yushan Award.
9. Awarded with the 15th Golden Goblet Award “Outstanding Futures Talent Award,” “Outstanding Financial Innovation Award,” and “Outstanding Talent Cultivation Award.”
10. Certified with the “Sports Enterprise Certification” by the Sports Administration, Ministry of Education.
11. Awarded with the “2019 TCSA Taiwan Corporate Sustainability Awards” Bronze medal for Corporate Sustainability Report and “Innovation Growth Award.”

(4) The Company’s 2019 income and expense and profitability analysis as follows:

(Unit NT\$ thousand)

Item	2019	2018	Difference	Variation
Operating gains	2,918,325	3,638,296	-719,971	-19.79%
Earnings before tax	1,410,012	1,245,582	164,430	13.20%
Current period net profit	1,135,799	1,000,045	135,754	13.57%
Net worth (NT\$100mn)	88.56	82.21	6.35	7.72%
After-tax EPS (NT\$)	4.89	4.31	0.58	13.46%
Return on shareholders' equity	13.30%	12.75%	0.55%	4.31%

4. Research and development

The Company’s Research Department, in addition to adhering to the output of diversified research reports in depth, continues to work hard on report innovation, combine digital finance, and comprehensively enter imaging in order to integrate reports into life with graphic menus or link. In addition, a new night hot zone promotion was added to deepen the connection with foreign markets. At the same time, the special report was launched in a new form to improve the readability of the report. In addition, in response to the trend of combining futures and industry, more resources were also invested in the enterprise legal person, including enterprise legal person’s needs for strategic hedging and various forward-looking analyses.

The Company, as a leader in futures, in addition to strictly controlling the transaction risks of customers, will optimize and develop the second-generation customer management system to more accurately grasp the overview of customer transactions. When market fluctuation is

worsening and risk is increasing, the Company shall promptly monitor and predict the customer's possible future risk tolerance index and provide timely consultation and notification services for effective risk control.

5. Future operating plans and development strategies

In the prospect of 2020, the Company will continue to strengthen the leading position in the futures industry with "Roots in Taiwan and eyes on the Asia-Pacific" as the business goal. The Company has actively invested resources in digital financial development for a long time, continuously upgraded information software and hardware, exercised big data and artificial intelligence strategies, integrated the futures intelligent ecological chain, and developed new digital businesses in depth. In terms of international business development, form a cross-border and multiple-field integration and advancement in the Asia-Pacific region and combine overseas brokerage business, overseas start-up business, and overseas real economy services to develop new strategies for international operations and commit to becoming an international large-scale futures merchant.

In 2020, the operating plans of Yuanta Futures are highlighted below:

- (1) The transformation and optimization of the brokerage business team.
- (2) Construct an overseas international trading platform center.
- (3) Continue the financial digital technology development and optimize risk control effectiveness.
- (4) Improve information protection and introduce international standard information security system.
- (5) Implement corporate sustainability responsibility.

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

Yuanta Futures Co., Ltd.

Chairman: Tien-Fu Lin

President: Hsiao-Ling Chou

Two. Company Profile

I. Date of establishment: 9 April 1997.

II. Address and telephone number of the Head Office and branches:

Name	Address	TEL
Head Office	11F and 12F, No. 225, Section 3, Nanjing East Road, Zhongshan District, Taipei City	(02)2717-6000
Hsinchu Branch	B1-1, No. 373, Sec. 1, Guangfu Rd., Hsinchu City	(03)666-2558
Taichung Branch	4F.-1, No. 8, Sec. 2, Ziyou Rd., Central Dist., Taichung City	(04)3703-3368
Tainan Branch	4F., No.147, Kaiyuan Rd., North Dist., Tainan City	(06)235-5999
Kaohsiung Branch	7F.-1, No. 143, Zhongzheng 4th Rd., Qianjin Dist., Kaohsiung City	(07)215-7777

III. Company history

Year	Major events:
1997	<ul style="list-style-type: none"> ● The establishment of Polaris Futures Brokerage Co., Ltd. began its preparation in March. ● The incorporation of Polaris Futures Brokerage Co., Ltd., was approved in April with a capital stock of NT\$200,000,000 authorized. ● The company commenced business in July, and engaged mainly in futures brokerage.
1998	<ul style="list-style-type: none"> ● Completed a cash issue totaling NT\$300,000,000 in February; share capital increased to NT\$500,000,000. ● Completed a cash issue totaling NT\$100,000,000 in May; share capital increased to NT\$600,000,000. ● With the approval of the Securities and Futures Commission, Ministry of Finance, on 28 September, the company changed its name to Polaris Futures Co., Ltd. and engaged in proprietary futures trading. ● The Company created its proprietary futures trading department created in December, and was the first to do so among in the futures industry.
1999	<ul style="list-style-type: none"> ● Completed a cash issue totaling NT\$15,000,000 in July; share capital increased to NT\$615,000,000. ● In July, The Company became the first in the business to organize a futures trading competition; it led to a wave of creative marketing based on this campaign. ● Kaohsiung Branch was established in August. ● In October, became the first to be granted the permission for online futures trading.
2000	<ul style="list-style-type: none"> ● Completed a cash issue totaling NT\$15,000,000 in August; share capital increased to NT\$630,000,000. ● Taichung Branch was established in September.
2001	<ul style="list-style-type: none"> ● In December, became one of the first market-makers of TAIFEX options.
2002	<ul style="list-style-type: none"> ● In October, The Company introduced its online options trading platform.

Year	Major events:
	<ul style="list-style-type: none"> ● In November, The Company was approved by the Securities and Futures Commission, Ministry of Finance, to engage in futures consultation services.
2003	<ul style="list-style-type: none"> ● In January, The Company introduced an advanced version of its online options trading platform. ● In January, became one of the first market-makers of stock options. ● In March, The Company introduced its "F.O.U.R System", an integrated trading platform for stocks, futures, and options customized for institutional investors. It offered advanced functions such as portfolio returns tracking. ● In September, Polaris Futures merged with REFCO Taiwan Co., Ltd., a member of the world's largest futures merchant - REFCO Group, and changed its name to Polaris Refco Futures Co., Ltd. ● In September, The Company made a cash issue for the merger totaling NT\$465,800,000. Its paid-up capital was raised to NT\$1,095,800,000. ● In November, The Company reduced its share capital by NT\$450,800,000 to NT\$645,000,000.
2004	<ul style="list-style-type: none"> ● In January, The Company launched its "Gold Trading Platform" where investors can trade gold futures over Chicago Board of Trade (CBOT) using fully localized interface. ● In June, The Company launched an "Oil Trading Platform" in joint effort with "Nihon Unicom Corporation", one of Japan's top three futures merchants. It was the first cross-border oil futures trading platform in the country. ● In September, The Company was granted the role of market-maker for CBOT's mini-sized gold futures in Asia, and became the nation's first market-maker for CBOT products. ● In October, The Company was approved by the Securities and Futures Bureau, Financial Supervisory Commission, to register in the Emerging Stock Market; on 27 October, it became the first futures merchant in the nation to be listed on the Emerging Stock Market (securities code: 6023).
2005	<ul style="list-style-type: none"> ● In May, The Company introduced its "BT Trade System" which incorporated the advanced technologies of Daishin Securities (Korea). The trade system offers advanced functionalities such as program trading, arbitrage modeling etc. ● In July, The Company launched its 4-in-1 AP software - "Super TWESuccess". It was the first AP software that integrates stock, futures, options, and offshore futures all into one package. ● In July, The Company capitalized NT\$77,400,000 of its earnings, which increased share capital to NT\$722,400,000. ● In December, The Company was approved by the competent authority to undertake the role of market-maker for CBOT's 100 Ounce Gold Futures.
2006	<ul style="list-style-type: none"> ● In February, The Company signed an agreement with Man Financial Inc. (Singapore), a member of UK's MF Global Group, and agreed to changed its name to Polaris Futures Co., Ltd. MF Global is a public listed company in London Stock Exchange, and comprises part of the FTSE 100 Index.

Year

Major events:

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- In March, The Company organized a "Winners' Club" in an attempt to secure winning customers and invite winning traders throughout the market into sharing their winning experiences and secrets.
 - In March, The Company was granted the role of market-maker for gold futures listed on Taiwan Futures Exchange, MSCI Taiwan Index Futures, and MSCI Taiwan Index Options.
 - The Tainan Branch was established in March.
 - The Company held its 2nd "Polaris Winner Competition" in April.
 - The change of company name to Polaris Futures Co., Ltd. was approved by the competent authority in April.
 - The "Winners' Blog" was officially opened in July.
 - Published the new book - "Winners' Diary" in August.
 - In August, The Company capitalized NT\$79,464,000 of its earnings, which increased share capital to NT\$801,864,000.
 - In August, The Company organized a seminar on "Investments Recommended by the World's Visionaries". Many of the world's renowned visionaries were invited to the seminar, and forecast a decade-long uprise of agricultural prices. In light of this trend, The Company introduced a trading platform customized for the trading of agricultural commodities (including: CBOT wheat, corn, soy bean and NYBOT coffee, cotton, and sugar).
 - The Company held a "Winners' Club" event in November.
- 2007
- The "Multiple Winner" was held in March to have the "King of Precision" and "King of Multiple" elected.
 - OTC listing application was authorized in March.
 - In April, The Company was selected "2006 Taiwan Large Corporation Top 5000", and ranked first in the futures industry.
 - The Company held its 3th "Polaris Winner Competition" in April.
 - Published the new book - "Winners' Diary II" in May.
 - OTC listing application was filed in May, becoming the first futures commission merchant to file for OTC listing in Taiwan.
 - In June, The Company launched its offshore options trading platform ahead of all industry participants.
 - The Company's GTSM listing application was passed in July by the Review Board of GreTai Securities Market.
 - The Company's GTSM listing application was passed in August by the Board of Directors of GreTai Securities Market.
 - In September, the Company capitalized NT\$149,146,710 of its earnings and paid employees' bonuses totaling NT\$23,815,090 in shares, which increased share capital to NT\$974,825,800.
 - The Company held a series of seminars on the "Polaris Winner Competition" in September.
 - The Company held a "Global Currency and Energy Investment Seminar" in October.
 - In October, The Company was granted the role of market-maker for the "10-year Government Bond Futures", "30-Day Commercial Paper Interest Rate Futures", "Taiwan Stock Exchange NonFinance NonElectronics Sub-Index", "Taiwan Stock Exchange NonFinance NonElectronics Sub-IndexOptions", "GreTai Securities Market Capitalization Weighted Stock

Year	Major events:
2008	<p data-bbox="437 203 1385 271">Index", and "GreTai Securities Market Capitalization Weighted Stock IndexOptions" listed on Taiwan Futures Exchange.</p> <ul style="list-style-type: none"> <li data-bbox="405 277 1385 383">● In October, The Company made a cash issue totaling 12,190 thousand shares at a face value of \$10, which increased share capital to NT\$1,096,725,800. <li data-bbox="405 389 1385 495">● OTC listing was authorized by GreTai Securities Market in November with the Securities code: 6023 assigned, becoming the first futures commission merchant for OTC listing in Taiwan. <li data-bbox="405 501 1385 568">● In January, The Company was granted the role of Market Maker for TAIFEX NT Dollar Gold Futures. <li data-bbox="405 575 1385 792">● In April, The Company organized an "Asian Market Investment Conference" in joint effort with Singapore Stock Exchange, the first in Asia Pacific to introduce both securities and derivatives, and MSCI Barra, the global index provider. During the conference, one of the world's top ten technical analyst - Daryl Guppy was invited to share his investment experiences. <li data-bbox="405 799 1385 904">● In April, The Company was selected "2007 Taiwan Large Corporation Top 5000", and ranked second only to Taiwan Futures Exchange Corporation in the futures industry. <li data-bbox="405 911 1385 978">● In April, the Board of Directors passed the proposal to invest in futures trust services. <li data-bbox="405 985 1385 1128">● The annual general meeting held in June passed the creation of a "Futures Management" segment. The Securities and Futures Bureau granted the business license later on 23 October, and the segment soon commenced business on 11 November. <li data-bbox="405 1135 1385 1240">● In July, the Company capitalized NT\$188,636,840 of its earnings and paid employees' bonuses totaling NT\$27,400,240 in shares, which increased share capital to NT\$1,312,762,880. <li data-bbox="405 1247 1385 1314">● In July, The Company was selected "2008 Taiwan Large Corporation Top 5000", and ranked first in the futures industry. <li data-bbox="405 1321 1054 1355">● The Hsinchu Branch was established in August. <li data-bbox="405 1361 1385 1429">● In August, The Company joined p of Taiwan in the organization of Gold Seminars. <li data-bbox="405 1435 1385 1541">● In October, The Company launched its "Euro-platform" ahead of competitors. It offers online trading of Europe's three major index futures and gives investors an easy access to the European futures market. <li data-bbox="405 1585 1385 1765">● In December, The Company was reviewed by Taiwan Corporate Governance Association and was awarded its "CG6004 Corporate Governance Certification" during the ceremony held on December on December 17, making it the first futures company to receive such certification. <li data-bbox="405 1771 1385 1915">● In December, The Company submitted an application to Taiwan Futures Exchange for the role of market-make in gold options. Its role as a "TAIFEX Gold Options Market Maker" was officially approved on 19 January 2009. <li data-bbox="405 1921 1385 1989">● In December, The Company held a series of seminars on "Global Economic Prospects under the Financial Crisis".

Year	Major events:
2009	<ul style="list-style-type: none"> ● In March, The Company was accredited by Taiwan Futures Exchange Corporation as 2008 Top Volume Futures Commission Merchant. ● In May, the Company joined CME Group to organized the event - "Futures USA". ● In May, The Company joined MF Global in creating a joint venture named MF Global Futures Trust Co., Ltd. The joint venture commenced business on May 8, 2009 to become the first futures trust company in Taiwan. ● In June, The Company joined Polaris Securities / Wealth Invest Weekly in organizing a "2009 2nd Half Investment Prospect Seminar". ● In June, GreTai Securities Market approved the margin trading of The Company's shares (coded: 6023), effective since 9 June 2009. ● The 24hr Global Trading Center was created in July. ● In July, The Company was selected by China Credit Information Service Ltd. as "2009 Taiwan Large Corporation TOP 5000", and ranked first in the futures industry. ● In August, The Company was selected by China Credit Information Service Ltd. as "2009 Taiwan Large Corporation TOP 5000", and ranked first in terms of net revenues among futures commission merchants. ● In August, The Company held the first "Offshore Futures Forum" in Taiwan. ● In December, the Board of Directors agreed to commission Pricewaterhouse Coopers as financial consultants to assist The Company in searching viable targets in China, through which The Company may broaden the reach and depth of its services by way of investment or other cooperative arrangements.
2010	<ul style="list-style-type: none"> ● In June, The Company signed a letter of intent with Everbright Futures; both parties agreed to cooperate on business development by investing a 20% interest in each other. ● In June, The Company joined Business Next Magazine in organizing the forum - "Searching for the Next Sorros", in an attempt to attract IT talents into the financial industry. ● In June, The Company joined Polaris Securities and Marbo Weekly in organizing 4 large-scale seminars on "2010 Investment Prospects". ● In July, The Company was granted the permission to engage in proprietary securities trading. ● In July, the investee - MF Global Futures Trust Co., Ltd. was approved by the Financial Supervisory Commission to offer its "MF Global Multi-Strategy Futures Trust Fund". The offering commenced in August and the fund was officially set up on September 2. ● In August, The Company was granted the permission to engage in securities introducing brokerage. ● In August, The Company joined The Children Charity Association, R.O.C. in organizing a charity campaign - "Marching Hand-in-Hand"; this was The Company's attempt to put its influences into good cause. ● In September, The Company became a trading member of EUREX. ● In November, the Financial Supervisory Commission passed The Company's application to create a Hong Kong subsidiary. The Hong Kong subsidiary was registered later on 2 December.

Year	Major events:
2011	<ul style="list-style-type: none"> ● In December, The Company entered an industry-academia collaborative arrangement with Feng Chia University in an attempt to nurture financial talents for the future. ● In January, The Company joined MoneyWeekly Magazine in organizing 5 investment seminars on "2011 Global Capital Movements". ● In March, The Company was granted the role of Market Maker for Stock Index Futures. ● In March, the Company's "Consultative co-operation agreement" with Everbright Futures Co., Ltd. ● In April, The Company introduced the new "FTSE Xinhua China A50 Index" from Singapore Stock Exchange following the latest deregulations. The index offered a quick access for investing in the Chinese market as well as an effective hedging tool. ● Our "Global Strategic Platform" launched in May offered a fine selection of trading strategies, through which investors were able to minimize risks and choose portfolios that best suited their preferences. ● In June, Polaris Futures was awarded "Top 10 Outstanding Enterprises of the Year" and "Top 10 Outstanding Managers of the Year" during the Ninth Golden Torch Award organized by the Outstanding Enterprise Manager Association R.O.C. ● The Company organized "The 2nd Computer Gaming Tournament" in June in an attempt to step away from the vicious competition for talents within the industry, and systematically develop trading talents. ● In July, The Company was awarded "Outstanding Corporate Leader" and "Outstanding Futures Talent" during the Eleventh Golden Goblet Award organized by the Securities and Futures Institute. ● In July, the Board of Directors passed to submit an application for a brokerage membership in SGX-DT (Derivatives Trading). ● In August, The Company joined Yuanta Futures Co., Ltd. in organizing 7 sessions of "2011 Second Half Investment Highlight Seminar", which attracted more than 1,200 audience. The two companies were already warming up to the official business merger scheduled in April 101. ● In August, the Board of Directors approved The Company's merger with Yuanta Futures Co., Ltd. and a cash issue to complete the merger. ● In September, the Board of Directors passed to submit an application to CME Group for a membership in Chicago Mercantile Exchange (CME). ● In November, Polaris Futures was named "Outstanding Merchant in R.O.C." by the Ministry of Economic Affairs, and was the only financial institution to be accredited. ● Assembled the "Remuneration Committee" in November. ● In December, the Financial Supervisory Commission approved The Company's merger with Yuanta Futures Co., Ltd. ● In December, The Company was reviewed by Taiwan Corporate Governance Association and was awarded its "CG6006 Corporate Governance Certification" on December 28, making it the first futures company to receive such certification. ● In December, Vice Chairman and President Hsiao-Ling Chou was rated "Top Hundred MVP Managers" in 2011.

Year	Major events:
2012	<ul style="list-style-type: none"> ● In December, The Company joined Yuanta Futures in organizing 3 sessions of "Taiwan Stock Market 101" seminar, and delivered a detailed analysis of what to expect in the upcoming presidential election and Chinese New Year season. ● In January, the Financial Supervisory Commission approved The Company's new share issue to complete its merger with Yuanta Futures Co., Ltd. ● In January, the Board of Directors passed to submit an application for a membership in Intercontinental Exchange (ICE), U.S. ● April: Merger with Yuanta Futures, and the Company was renamed as "Yuanta Futures Co., Ltd." ● April: Launched the "Money to Singapore" event jointly with Singapore Stock Exchange, and unveiled the three hot items of Asia, namely, STW, SCN, and SIN. ● May: the "Auditing Committee" was established to substitute the functions of the supervisors in monitoring the treasury, internal control, compliance and the control of potential risks. ● May: qualified as a member of NYSE Liffe, which made Yuanta Futures the only futures firm in Taiwan that has acquired membership of two major exchanges in Europe. ● July: Entered into MOU with China Development Bank Futures in consulting cooperation ● July: Organized the "Olympic European Debt Cup" jointly with Eurex and NYSE Liffe, the first time where bonds and futures were used as the core product. ● August: Entered into the "Agreement on Futures Options Consulting Cooperation" with China Development Bank Futures of Mainland China. ● October: Worked in cooperation with CME Group in holding the "US Bonds Election Campaign", with US bonds as the products in the contest. ● In October, Seminar with the management of futures firms and won three championship from TWSE in stocks and futures: (1) Excellence Award (total brokerage volume): Yuanta Futures is ranked the first place; (2) Pinnacle Award (total proprietary volume): Yuanta Securities is ranked the first place; (3) Preeminence Award (total IB trading volume): Yuanta Securities is ranked the first place. ● Authorized by the Financial Supervisory Commission to 100% invest in overseas IT company in October; also, participated in the futures market of China in another form to enter Chinese market. ● November: the first futures firm in Taiwan being approved to invest for the establishment of a wholly-owned subsidiary overseas, the Yuanta Futures (HK) Co., Limited. ● In December, Organized the "TXO Week Maturity Month Contest" Phase I jointly with TWSE, and was awarded the "Champion of FCM Group in Total Trading Volume of All Locations".
2013	<ul style="list-style-type: none"> ● In January, organized the "Flexible TXO Deployment Week" 4 large-scale lecture tours, close to 39 small seminars, and about 1,400 persons' participation; was awarded the "Champion of FCM Group in Total Trading Volume of All Locations" for two consecutive years.

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- In April, completed the merger of Liuohu and Kaohsiung Branch and organized serial activities such as the moving tea party, the gifts for daughter's returning home, and the prospect in the second quarter, etc.
 - In April, transferred the investment in the subordinate, SYF Information (Shanghai) Limited in China and was officially licensed to run a business for an enterprise legal person in China. It is leading the industry in running business and operations actively in China.
 - In June, the chairman of the board, Ming-Hong Ho, took over the 4th chairman of the Chinese National Futures Association, helping the futures industry to speak and grasp business opportunities.
 - In June, Yuanta Financial Holdings and we were both honored with an A++ ranking in the tenth Information Disclosure Evaluation System for Publicly Traded Companies held by Securities and Futures Institute, which was the only futures company in Taiwan.
 - In July, The Company was selected "2013 Taiwan Large Corporation Top 5000", and ranked first in the futures industry.
 - In August, won the No.1 of the brokerage firm consolation prize in the first phase in May, June, and July of tax deduction promotion activities held by Taiwan Futures Exchange, No.1 of brokers trading gold award, No.1 of brokerage firms' associated person award, No.1 of dealer excellence award, and No.1 of proprietary trader award.
 - In November, published "Big Winner of the bears and bulls", more than 2,500 sold in a short two months after coming into the market.
 - In December, won the No.1 of the brokerage firm consolation prize in the second phase in August of tax deduction promotion activities held by Taiwan Futures Exchange, No.1 of brokers trading gold award, No.1 of brokerage firms' associated person award, No.1 of dealer excellence award in August, September, October, November, and December, and No.1 of proprietary trader award.
 - Participated in the On-Line Demo Trading FCM Contest of Taiwan Futures Exchange in December and had won the first place in September, October, and November for three consecutive months. The Groups' IB has performed outstandingly with close to 80% winning rate, including, Yuanta Securities won the first place in September and Reliance Securities Co., Ltd. ranked in the second place in September, the first place in October, and the first place in November. KING FONG SECURITIES was ranked in the second place in October and November. Taichung Bank Securities was ranked in the third place in October, indicating the successful cooperation of the Company with IB channel in a long run.
- 2014
- In January, the Investee company, BaoFu Futures Trust Co., Ltd. changed the company name to MF G Investment Consulting Co., Ltd.
 - Won the first place in stock futures FCM trade at the Taiwan Futures Exchange in January – March.
 - Won the second place in stock futures FCM trade at the Taiwan Futures Exchange in April - May.
 - Eurex/TAIFEX Link marketing activities were promoted in May in response to Taiwan Futures Exchange authorizing EUREX to trade on "Taiwan futures and the daily futures on TXO contract." Also, held five seminars with over one hundred participants each time to vigorously assist the Taiwan Futures Exchange in promoting Taiwan futures products.

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- Won the first place in stock futures FCM trade at the Taiwan Futures Exchange in June.
 - Yuanta Financial Holdings and the Company had received the “A++ highest honor” in the 11th Disclosure of Information Evaluation in June from Securities and Futures Institute; also, the Company is the one and only futures company in Taiwan to receive such honor for two consecutive years.
 - In July, The Company was selected "2014 Taiwan Large Corporation Top 5000", and ranked first in the futures industry.
 - In July, Won the third place at the TX FCM trade Gold Medal at the Taiwan Futures Exchange. The associated IB of Yuantan Securities won the first place in the IB trade Gold Medal.
 - Ranked in the first place at the Eurex/TAIFEX Link Trading Contest program May-August FCM total trade volume, July FCM Transaction Award, and ranked in the first place for the additional trade volume.
 - Worked with the Taiwan Academy of Banking and Finance (TABF) in September to launch the “International Trader Recruitment” campaign with 10 activities arranged in Taipei, Hsinchu, Taichung, Tainan, and Kaohsiung that attracted more than 1,100 young student participants.
 - Awarded with The Leadership Award in September by The Asset Magazine.
 - Awarded in September by the ROC Outstanding Enterprise Manager Association with the 16th Jinfeng Award “Top-Ten Outstanding Enterprises.”
 - Won the Award of FTX FCM and OTX FCM Stage II trade competition program of the Taiwan Futures Exchange in September.
 - Awarded with the “Outstanding Enterprise” at the 11th National Brand Yushan Award in October by the ROC National Enterprise Competitiveness Development Association and The National Brand Yushan Award Admission Committee.
 - Awarded with the 68th “ROC Excellent Businessmen Award” from General Chamber of Commerce of the ROC in October for the second time after the first award received at the 65th “ROC Excellent Businessmen” in 2011.
 - In October, Won the first place at the TX FCM trade Gold Medal at the Taiwan Futures Exchange. The associated IB of Yuantan Securities won the third place in the IB trade Gold Medal.
- 2015
- Launched the “2015 Global and Chinese Market Investment Outlook” seminar with Yuanta Securities and Yuanta Investment Trust in January to analyze global investment trends.
 - Worked with Taiwan Academy of Banking again in April to hold the “International Trader and Broker Recruitment” in April that attracted more than 800 people to apply.
 - Awarded with the honor of the 1st corporate governance “OTC company top five-percent performance” held by Taiwan Stock Exchange and Taipei Exchange in June.
 - Yuanta Financial Holdings and the Company had received the “A++ highest honor” in the 12th Disclosure of Information Evaluation in June from Securities and Futures Institute; also, the Company is the one and

Year	Major events:
	<p>only futures company in Taiwan to receive such honor for three consecutive years.</p> <ul style="list-style-type: none"> ● Recognized as the “Top-Ten Companies” at the 12th Golden Torch Award in June by the Outstanding Enterprise Manager Association. ● Renamed as “Yuanta Futures Corporation” in July. ● In response to the first exchange instrument – RMB exchange futures introduced by Taiwan Futures Exchange in July, offered new domestic exchange futures commodity trading service, held five large-scale and several moderate seminars to help promote new commodities. ● Qualified as a leverage trader with the approval of the competent authorities in July, the one and only futures commission merchant received such honor in Taiwan. The Company will be able to issue new financial instruments in the future, increase the flexibility of product innovation and design, and fulfill customer’s needs comprehensively. ● The capital increase of the subsidiary, SYF Information Co., Ltd., was authorized by the competent authorities in August and the process of capitalization was completed in October. ● The establishment of the Ethical Management Committee was resolved by the board of directors in August. ● Awarded with the “Best Futures House, Taiwan” by The Asset magazine in September. ● Awarded with the “NON-BANK FCM OF THE YEAR” by the Futures Options World magazine (FOW) in September. ● Awarded with the “Outstanding Enterprise” and “Most Popular Brand” at the 12th National Brand Yushan Award in October. ● Awarded with the “Annual Contribution Award” and “RMB Account Promotion Award” in November at the 1st Futures Diamond Award by Taiwan Futures Exchange. ● Awarded with the “Outstanding Futures Talent” at the 13th Golden Goblet Award in December.
2016	<ul style="list-style-type: none"> ● Launched the “24-hour futures online account-opening” service in March ahead of the industry. ● Participated in the business performance meeting that was held by Taipei Exchange (TPEX) in April. ● Awarded with the honor of the 2nd corporate governance “OTC company top five-percent performance” held by Taiwan Stock Exchange and Taipei Exchange in June. ● Got together with CME to arrange the Investment Outlook Seminar in June with CME lecturers invited from overseas to analyze the investment trends in the second half of 2016. ● In July, The Company was selected “2016 Taiwan Large Corporation Top 5000”, and ranked first in the futures industry ● Launched the “Yuanta Futures Wizard” orders APP that was developed in-house in September and it was the first ordering software installed in mobile phones. ● In September, awarded with the “Highly commended, Derivatives House of the Year, Taiwan” by The Asset magazine. ● In September, awarded with the “Emerging Market Broker of The Year” by the Futures Options World magazine (FOW).

Year	Major events:
2017	<ul style="list-style-type: none"> ● In October, awarded with first place in the category of futures commission merchant trade volume of the 2nd “Futures Diamond Award” held by Taiwan Futures Exchange. ● In January, awarded with the “Best Brokerage House” by The Asset magazine. ● From March~July, we promoted intelligent transactions toward the great intelligent future, with efforts including our offer to students on campus in programming competitions. Investors have hands-on transaction competitions and huge scale seminars and symposiums on a monthly basis. As the leading vanguard, we guide the entire industry toward a trend to forge the ecosphere of the financial industry. ● In April, awarded with the honor of the 3rd corporate governance “OTC company top five-percent performance” held by Taiwan Stock Exchange and Taipei Exchange. ● Starting from May, as a senior leverage trader we launched foreign currency guarantee bond services and, subsequently presented unique structure commodities into the markets with the purchase of Taiwan stock options. Thanks to our leading brand of Yuanta Futures options, we provide customers with diverse and profitable hedging channels. ● In May, our Hong Kong Subsidiary expanded its business horizons and successfully acquired INE Degree II agency membership for the Shanghai Energy Trading Exchange—as the very pioneer among all futures dealers in Taiwan. In 2018, with our continued endeavors, we should boost our Hong Kong Subsidiary into a giant international trading platform in transnational markets. ● In June, The Company was selected “2017 Taiwan Large Corporation Top 5000”, and ranked first in the futures industry ● In September, awarded with the “Derivatives House of the Year - Highly Commended)” by The Asset magazine. ● In October, awarded with first place in the category of commission merchant trade volume of the 3rd “Futures Diamond Award” held by Taiwan Futures Exchange. ● In November, awarded with the 71th ROC Excellent Businessmen Award. ● In November, awarded with the “Outstanding Enterprise and “Most Popular Brand” at the 14th National Brand Yushan Award. ● In December, awarded with the “Outstanding Futures Talent”, “Outstanding Risk Management”, “Outstanding Financial Innovation” at the 14th Golden Goblet Award.
2018	<ul style="list-style-type: none"> ● In January, the Company co-organized the Japanese market Home Run transaction exclusively with the Japan Exchange (JPX) and invited Japanese analysts to give seminars in Taiwan to attract more customers to transact in the Japanese stock market. ● In March, the Company launched the independently developed “Smart API” with high compatibility with various programming languages in the market. ● In May, Awarded with the honor of the 4th corporate governance “OTC company top five-percent performance.”

- In May, the Company was rated No. 1 in the futures sector, Taiwan Top 2000, *CommonWealth Magazine*.
- In June, No. 1 in futures companies amongst the Top 5000 large corporations in Taiwan.
- In August, the Company was the only public futures company to win the “Excellence in Corporate Social Responsibility” in the Little Giant Group.
- In September, the Company co-organized the forex market investment vision with the Chicago Mercantile Exchange (CME), the world’s largest option exchange and invited CME instructors to Taiwan to analyze the forex investment trend in the second half of 2018.
- In September, awarded with the “Derivatives House of the Year - Highly Commended)” by The Asset magazine.
- In September, the Company was awarded the Emerging Market Non-Bank Broker of the Year from the FOW Awards for Asia.
- In October, the Company won the Diamond Award at the 4th Futures Diamond Awards organized by the Taipei Futures Exchange and No. 1 in the FCM Transaction Volume Diamond Award & FCM Foreign Investment Transaction Volume.
- In October, awarded with the “Outstanding Enterprise and “Most Popular Brand” at the 15th National Brand Yushan Award.
- In November, awarded with the 72th ROC Excellent Businessmen Award.
- In November-December, the Company organized the FOREX Winner Forum to promote foreign exchange margin trading products in collaboration with winners and professional instructors of the leverage business department.

2019

- In May, Awarded with the honor of the 5th corporate governance “OTC company top five-percent performance.”
- In May, the Company was rated No. 1 in the futures sector, Taiwan Top 2000, *CommonWealth Magazine*.
- The leverage transaction merchants launched the “Knock-out options” product in May that allowed petite bourgeoisie and novice investors to trade easily, echoing the competent authorities’ upgrading the innovative application of financial technology.
- In June, No. 1 in futures companies amongst the Top 5000 large corporations in Taiwan.
- Awarded with the Reader’s Digest Brand Survey - Futures Category Platinum Award in June.
- In September, the only public futures company to win the “Excellence in Corporate Social Responsibility” in the Little Giant Group.
- In September, awarded with the “Best Brokerage House of the year” by The Asset magazine.
- The liquidation operation of Sheng Yuan Futures (Samoa) Co., Limited, the invested, was implemented in September to save operation cost of the economy.
- In October, awarded with the “Outstanding Enterprise and “Most Popular Brand” at the 16th National Brand Yushan Award.
- The Fair Dealing Committee was established in October to protect consumer rights in accordance with the fair dealing principle.
- The Hong Kong subsidiary obtained the business licenses for the Hong Kong Class 1 “Securities Trading” and Class 4 “Advice on Securities” in October

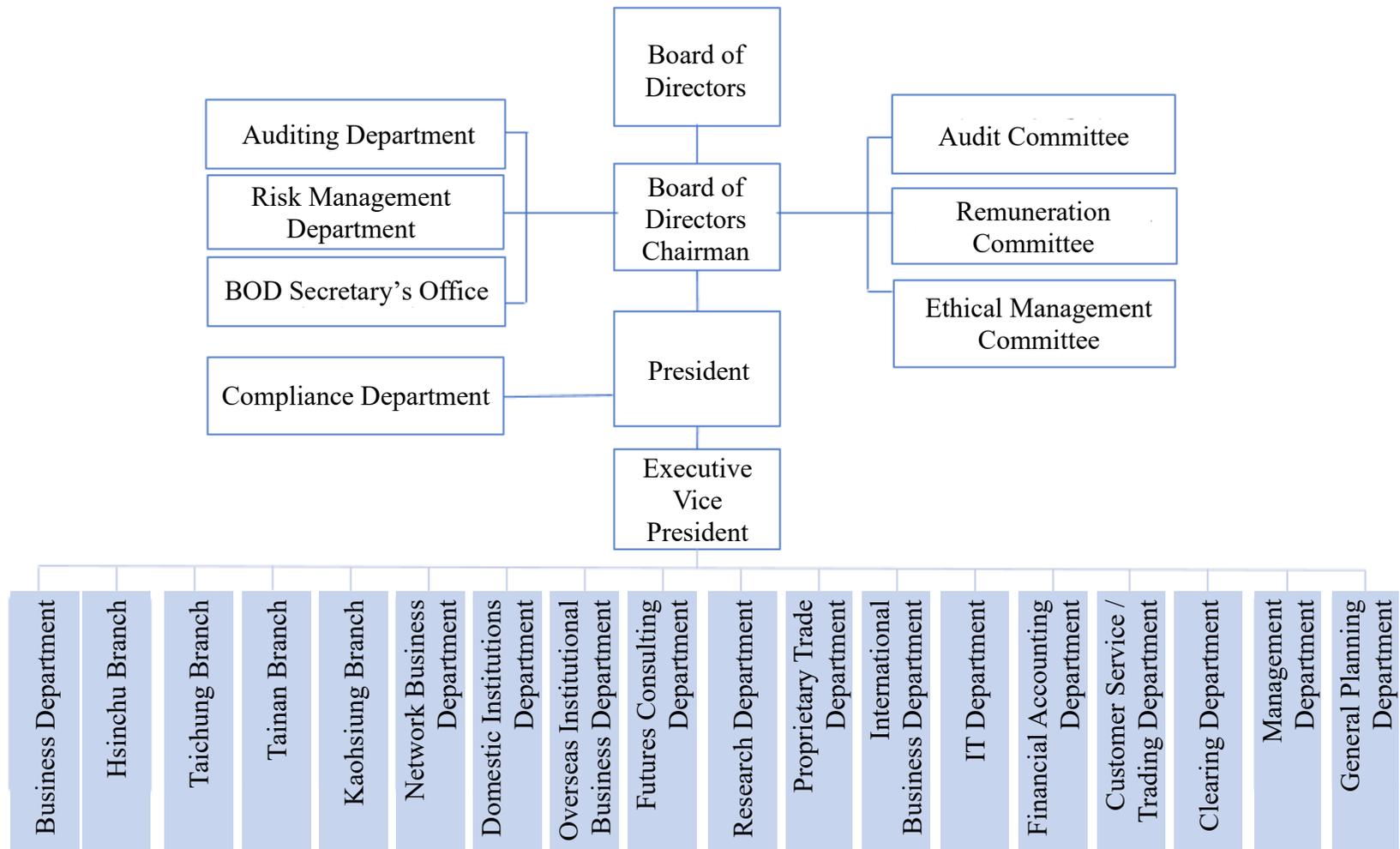
after obtaining the Singapore Derivative Commodity Exchange (SGX-DT) brokerage membership.

- Awarded with Taiwan Futures Exchange 5th “Futures Diamond Award - 1st Place of Futures Broker Trade Volume Diamond Award and 2nd Place of Futures Dealer Volume Growth Award” in November.
- Awarded with the 15th Golden Goblet Award “Outstanding Futures Talent Award,” “Outstanding Financial Innovation Award,” and “Outstanding Talent Cultivation Award” in November.
- Certified with the “Sports Enterprise Certification” by the Sports Administration, Ministry of Education in November.
- Awarded with the “2019 TCSA Taiwan Corporate Sustainability Awards” Bronze medal for Corporate Sustainability Report and “Innovation Growth Award” in November.
- In November, the board of directors made a cash issue totaling 17,700 thousand shares at a face value of \$10, which increased share paid up capital to NT\$2,499,762,880.

Three. Corporate Governance

I. Organizational structure

(I) Corporate structure



(II) The responsibilities of various divisions

Department	Main responsibilities
BOD Secretary's Office	Handling of affairs in relation to the Board of Directors (BOD) and the Audit Committee; corporate governance promotion; company stock services and application and renewal of licenses required by competent authorities.
Auditing Department	Conduct audit on the enforcement of the internal control system by respective functional units and propose recommendation of corrective action, and keep track on the status of corrective action.
Risk Management Department	Responsible for the management and control of the overall market risk, credit risk, model risk, liquidity risk, and system risk of the Company, and monitor the business units in trading hours and analysis at the close of the market.
Compliance Department	Collection of information of laws and regulations in relation to business operations and analyzing and reviewing their legitimacy; drafting and management of all types of contracts; provision of consultation services for and handling of legal disputes and lawsuits; and planning, management and implementation of compliance system.
General Planning Department	Be responsible for managing the relevant matters of the "Ethical Management Committee," the Company's short-term, mid-term, and long-term business development planning, promoting corporate social responsibilities, analyzing the Company's business performance, planning the integrated marketing operation, investigating market movements, maintaining the public relation, arranging advertising operation, and planning and implementing e-commerce.
Management Department	Responsible for handling the affairs related to the Remuneration Committee, administration, general affairs, archives, personnel, education and training, compensation and benefits, labor safety and health, employee benefits committee affairs; also, the purchase, repair and management of assets, electrical engineering, communications, equipment and office supplies.
Clearing Department	Responsible for processing the request for clearing and settlement of futures trade by investors or commission futures merchants.
Customer Service / Trading Department	Responsible for executing the transaction orders of futures trade by investors or commission futures merchants and related customer services.
Financial Accounting Department	Overall planning of the company's financial structure, capital management, and cashier services; establishment and implementation of the company's accounting system; processing of accounting affairs; production and reporting of financial statements; tax planning and periodic declaration; corporate budget; and gathering of profit center reports.
IT Department	Responsible for the assessment, planning, and execution of the computerization of the business process, the development of software and maintenance of hardware of the information system, development and maintenance of the website, and webpage design.
International	Responsible for the design of the long, mid, and short-term

Business Department	investment plans and investment directions, establishment of corporate management system, analysis of operation evaluation. Assist the investees in financial management, compliance, establishment and control of risk management mechanism.
Proprietary Trade Department	Transactions of domestic and foreign futures and trading of domestic and foreign securities announced by competent authorities with regulatory capital; the research and development of the proprietary trading information system; and transaction of leverage contracts approved by competent authorities.
Research Department	Research and analysis, market survey, and the development of futures trade related products.
Futures Consulting Department	Provide research report and analysis of futures trade, give opinions and suggestions, at the appointment of designated parties, publications, or holding seminars.
Domestic Institutions Department	Handling onshore and offshore futures trade orders of domestic institutional investors as announced by the competent authority. Provide market information, research reports, trade information related to institutional investors.
Overseas Institutional Business Department	Handling onshore and offshore futures trade orders of domestic institutional investors as announced by the competent authority. Provide market information, research reports, trade information related to institutional investors.
Network Business Department	Supervise and assist the futures introducing brokers, solicit business and provide brokerage service for the Company in opening new accounts and placing trade orders for the investors.
Business Department	Execute trade orders of futures at home and abroad, securities traded in the exchange and OTC market, securities IB business, and futures consulting business.
Branches	Execute trade orders of futures at home and abroad, securities traded in the exchange and OTC market, securities IB business, and futures consulting business.

II. Background information of the Directors, President, Vice Presidents, Assistant Vice Presidents and heads of various departments and branches

(I) Director, Independent Director

The profile of the 10th directors

Date of information: January 31, 2020

Title	Nationality and Registry	Name	Gender	Date elected	Term	Date first elected	Shareholding as of elected date		Current number of shares held		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current duties in The Company and in other companies	Spouse or relatives of second degree or closer acting as Directors, Supervisors, or other department heads		
							Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage			Title	Name	Relationship
Corporate shareholder	Republic of China	Yuanta Financial Holding Co., Ltd.	-	2018.05.24	3 years	2012.05.23	101,000,000	43.48%	159,467,282	68.65%	-	-	0	0%	-	-	-	-	-
Chairman	Republic of China	Yuanta Financial Holding Co., Ltd. Representative: Tien-Fu Lin	Male	2018.05.24	3 years	2014.06.26	0	0%	0	0%	0	0%	0	0%	President, Yuanta Polaris Securities Co., Ltd. Vice Chairman, Yuanta Securities Finance Co., Ltd. Director and President Fuh Hwa Securities Investment Trust Co., Ltd. Director and Executive Vice President, Yuanta Core Pacific Securities Co., Ltd. Chairman, Ding Fu Securities Co., Ltd. Director, Yuanta Financial Holding Co., Ltd. Yu Da High School of Commerce and Home Economics Completed the Accounting Practice course of the Accounting Advanced Class 52 and Intermediate Accounting course of Class 57 arranged by the Center for Public and Business Administration Education, National Chengchi University (NCCU CPBAE).	The Company's Chairman, the Director of Yuan Foundation, Dependent director of TTY Biopharm	None	None	None
Director	Republic of China	Yuanta Financial Holding Co., Ltd. Representative: Hsiao-Ling Chou	Female	2018.05.24	3 years	2007.11.21	70,772	0.03%	3,144	0.00%	0	0%	0	0%	Director and Vice Chairman, Yuanta Futures Co., Ltd. Director and Vice President, Overseas Chinese Bank. Polaris Futures Co., Ltd. Master, Banking and Finance, National Taiwan University	The President of the Company, the Director of Yuanta Futures (Hong Kong) Limited, the Director of SYF Information Co., Ltd., the Director of SYF Information (SAMOA) Limited, the Director of SYF Information (Shanghai) Limited, the Director of Taiwan Futures Exchange, the Director of Yuanta Foundation, Director of Luo Lih Fen Holdings Co., Ltd. and Director of Connection Labs Ltd.	None	None	None

Title	Nationality and Registry	Name	Gender	Date elected	Term	Date first elected	Shareholding as of elected date		Current number of shares held		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current duties in The Company and in other companies	Spouse or relatives of second degree or closer acting as Directors, Supervisors, or other department heads		
							Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage			Title	Name	Relationship
Director	Republic of China	Yuanta Financial Holding Co., Ltd. Representative: Yueh-Tsang Li	Male	2018.05.24	3 years	2016.06.01	0	0%	0	0%	0	0%	0	0%	Director, Yuan Kun Construction Co., Ltd. Chairman, Tifit Securities Co., Ltd. Director of Yuanta Core Pacific Securities Co., Ltd. Department of Sociology, Toyo University	Director of Yuanta Financial Holding Co., Ltd., Chairman of Yuantong Investment Co., Ltd.	None	None	None
Director	Republic of China	Yuanta Financial Holding Co., Ltd. Representative: Hsien-Tao Chiu	Male	2018.05.24	3 years	2016.06.01	0	0%	0	0%	0	0%	0	0%	Chairman of Taichung Securities Managing Director of Asia Pacific Bank Director of Asia-Pacific Investment Trust Chairman of Asia-Pacific Leasing Chairman of Fu-An Insurance Agent Business Administration Dept., Southwestern University	Director of Yuanta Bank Co., Ltd., Chairman of Kandlee Trading Co., Ltd., Chairman of Topasia Investment Management Limited, Chairman of Yue Ho Automobile Co., Ltd., Director of Chen Long Automobile Co., Ltd., Director of Fong Long Automobile Co., Ltd., and Chairman of Taiwan Yi Ho International Co., Ltd.	None	None	None
Director	Republic of China	Yuanta Financial Holding Co., Ltd. Representative: Hsiu-Wei Chen (Note 4)	Male	2018.05.24	3 years	2014.06.26	0	0%	0	0%	0	0%	0	0%	Strategy Director, Legal Officer of Yuan Tai Financial Holding Company Director and Executive Vice President, Yuanta Securities Chairman, Yuanta Securities (HK) Co., Limited The Director of Yuan Securities Investment Consulting (Beijing) Co. Director, Yuanta Futures Co., Ltd. The Director of Yuan Venture Capital Co., Ltd. The Director of Yuan One Venture Capital Co., Ltd. The Director of Yuanta Financial (Asia) Co., Ltd. Department of Law, National Chung Hsing University	Chairman of Yuanta Securities Co., Ltd., Director of Yuanta International Asset Management Co., Ltd., Director of Yuanta Asia Investment Company, Director of Yuanta Foundation, Director of Yuanta Securities (HK) Co., Limited, Director of Yuanta Financial (Asia) Co., Ltd.	None	None	None
Director	Republic of China	Yuanta Financial Holding Co., Ltd. Representative: Zheng-hua Sun (Note 4)	Female	2019.04.01	2 years One month	2019.04.01	0	0%	0	0%	0	0%	0	0%	Prosecutor of Shilin District Prosecutor's Office Judge and Chief Judge of the Taipei District Court Chief Lawyer, Huahong Law Firm Master of National Development Institute of Taiwan University	Director of Yuanta Life Insurance Company, Legal Officer of Yuan Tai Financial Holding Company and Senior Vice President of Yuanta Bank	None	None	None
Director	Republic of China	Yuanta Financial Holding Co., Ltd. Representative: Shao-Hsing Kung (Note 5)	Male	2018.05.24	3 years	2015.05.21	0	0%	0	0%	0	0%	0	0%	Senior Vice President, Yuanta Securities Executive Program, Department of Business Administration, National Cheng Chi University Department of Cooperative Economics, Tamkang University	Executive Vice President, Yuanta Securities	None	None	None

Title	Nationality and Registry	Name	Gender	Date elected	Term	Date first elected	Shareholding as of elected date		Current number of shares held		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current duties in The Company and in other companies	Spouse or relatives of second degree or closer acting as Directors, Supervisors, or other department heads		
							Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage			Title	Name	Relationship
Director	Republic of China	Yuanta Financial Holding Co., Ltd. Representative: Mei-Ling Kuo (Note 5)	Female	2019.04.08	2 years One month	2019.04.08	0	0%	0	0%	0	0%	0	0%	Manager of Syscom Computer Engineering Company Executive Vice President of Capital Securities Corporation MBA, National Chengchi University	Chief Executive Officer, Digital financial Dept, Yuanta Financial Holdings Co., Ltd.; Executive Vice President of Yuanta Securities Co., Ltd., Director, Yuanta Securities Finance	None	None	None
Independent Director	Republic of China	Cho-Min Yu	Male	2018.05.24	3 years	2018.05.24	0	0%	0	0%	0	0%	0	0%	Independent Director, Yuanta Securities Co., Ltd.; Independent Director, Yuanta Commercial Bank Director, supervisor of HannStar Display Corporation Independent Director of Antec, Inc. Advisor, Hon Hai Precision Industry Co., Ltd. Director, Sunsino SME Development Co., Ltd. Director, China Petrochemical Development Corporation Acting Dean, College of Commerce, National Cheng Chi University Chairperson, Department of Business Administration, National Cheng Chi University R&D Member, Research and Development Committee, Ministry of Economic Affairs. Assistant Professor, Department of Business Administration, University of Illinois Urbana-Champaign, USA PhD in Management & Organizations, University of Michigan Ross School of Business	Professor, Department of Business Administration, National Cheng Chi University; Independent Director, Advantech Co., Ltd.; Director, NCCU Business Administration Education Foundation; Director, Foundation for International Cooperation in Higher Education of Taiwan	None	None	None
Independent Director	Republic of China	Ching-Shan Hung (Note 6)	Male	2018.05.24	3 years	2018.05.24	0	0%	0	0%	0	0%	0	0%	Vice Director, PwC Vice President, National Federation of CPA Associations of ROC. MA in Accounting and LLM in Law, National Cheng Chi University.	Independent Director, Yuanta Commercial Bank Co., Ltd.; Independent Director, Yuanta Securities Co., Ltd.; Director, Hong Well, Inc.; Director, Franz Biotech Inc.; Supervisor, Starlux Airlines Co., Ltd.; Chairperson, Qing Sheng Financial Consulting Corporation	None	None	None
Independent Director	Republic of China	Nai-Kuan Huang	Male	2018.05.24	3 years	2018.05.24	0	0%	0	0%	0	0%	0	0%	Vice President and Chief Information Officer, Taiwan Stock Exchange Corporation Chairman of Taiwan Ratings Corp. Sr. Executive Vice President and Public Welfare Supervisor, Taiwan Futures Exchange Chairman, TAIWAN-CA. Inc. Independent Director, Yuanta Securities Co., Ltd.; PhD in Engineering, USC	Supervisor, RFIC Technology Corporation	None	None	None

Note 1: The Company had the 10th directors elected entirely on May 24, 2018 for tenure from May 24, 2018 to May 23, 2021.

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

Note 3: As of January 31, 2020, the Company had 232,276,288 shares in circulation.

Note 4: Yuanta Financial Holdings had Zheng-hua Sun delegated as the representative on April 8, 2019 for the period of April 1, 2019 ~ May 23, 2021. The former representative, Hsiu-Wei Chen, was dismissed on April 1, 2019.

Note 5: Yuanta Financial Holdings had Mei-Ling Kuo delegated as the representative on April 8, 2019 for the period of April 8, 2019 ~ May 23, 2021. The former representative, Shao-Hsing Kung, was dismissed on April 8, 2019.

Note 6: Ching-Shan Hung, an independent director, resigned on December 30, 2019, and the vacancy will be filled with an election to be held in the latest shareholders meeting.

Table 1: Corporate shareholders' main shareholders

Date of information: July 4, 2019

Name of corporate shareholder	Corporate shareholders' main shareholders
Yuanta Financial Holding Co., Ltd.	Chun Chueh Investment Co., Ltd. 3.54%
	Yuan Hung Investment Co., Ltd. 3.35%
	Yuan Hsiang Investment Co., Ltd. 2.96%
	PJ Asset Management Co., Ltd. 2.82%
	Yu Yang Investment Co., Ltd. 2.68%
	The investment account entrusted by China Trust Commercial Bank for BeeVest Securities Co., Ltd. 2.13%
	Bank of Taiwan 2.08%
	Lian Ta Investment Co., Ltd. 2.03%
	Trust account entrusted with Yuanta Bank 2.00%
	Singapore Government Investment Account in the custody of Citibank (Taiwan) 1.85%

Note: The top 10 shareholders were based on the information as of the last date Yuanta Financial Holdings Co., Ltd. cut off the transfer of shares (July 4, 2019)

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

Date of information: January 31, 2020

Name of corporate shareholder	Corporate shareholders' main shareholders
Chun Chueh Investment Co., Ltd.	Teng Ta Investment Co., Ltd. 19.69%
	Lian Ta Investment Co., Ltd. 19.84%
	Chiu Ta Investment Co., Ltd. 18.36%
	Lian Heng Investment Co., Ltd. 18.92%
	Hsing Tsai Investment Co., Ltd. 10.23%
	Wei-Chien Ma 8.27%
	Lee-Chuang Tu 4.69%
Yuan Hung Investment Co., Ltd.	Mei Chia Lee Investment Co., Ltd. 45.88%
	Lian Heng Investment Co., Ltd. 33.74%
	Teng Ta Investment Co., Ltd. 15.38%
	Lee-Chuang Tu 5.00%
Yuan Hsiang Investment Co., Ltd.	Lian Ta Investment Co., Ltd. 44.38%
	Lian Heng Investment Co., Ltd. 19.00%
	Teng Ta Investment Co., Ltd. 18.69%
	Chiu Ta Investment Co., Ltd. 9.96%
	Lee-Chuang Tu 5.01%
	Hsing Tsai Investment Co., Ltd. 2.96%

Name of corporate shareholder	Corporate shareholders' main shareholders	
PJ Asset Management Co., Ltd.	Ho Yang Management Consultant Co., Ltd.	94.95%
	Ho Chu Investment Ltd.	5.05%
Yu Yang Investment Co., Ltd.	Chun Chueh Investment Co., Ltd.	100%
The investment account entrusted by China Trust Commercial Bank for BeeVest Securities Co., Ltd.	Not applicable	
Bank of Taiwan	Taiwan Financial Holdings	100%
Lian Ta Investment Co., Ltd.	Chiao Hua International Investment Co., Ltd.	45.79%
	Lian Heng Investment Co., Ltd.	37.14%
	Chiu Ta Investment Co., Ltd.	14.02%
	Hsing Tsai Investment Co., Ltd.	2.58%
	Lee-Chuang Tu	0.47%
Trust account entrusted with Yuanta Bank	Not applicable	
Singapore Government Investment Account in the custody of Citibank (Taiwan)	Not applicable	

Table 3: The professional knowledge and independence of the directors

Date of information: January 31, 2020

Qualification	Having more than 5 years work experience and professional qualifications listed below			Compliance of independence (Note 1)												Number of positions as an Independent Director in other public listed companies
	Lecturer (or above) of commerce, law, finance, accounting, or any subjects relevant to the company's operations in a public or private tertiary institution	Certified judge, attorney, lawyer, accountant, or holders of professional qualification relevant to the company's operations	Commercial, legal, financial, accounting or other work experiences required to perform the assigned duties	1	2	3	4	5	6	7	8	9	10	11	12	
Name																
The 10 th Board of Directors Yuanta Financial Holdings Co., Ltd. Representative: Tien-Fu Lin			✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓		1
The 10 th Board of Directors Yuanta Financial Holdings Co., Ltd. Representative: Hsiao-Ling Chou			✓			✓	✓	✓	✓	✓	✓	✓	✓	✓		1
The 10 th Board of Directors Yuanta Financial Holdings Co., Ltd. Representative: Yueh-Tsang Li			✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓		0
The 10 th Board of Directors Yuanta Financial Holdings Co., Ltd. Representative: Hsien-Tao Chiu			✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓		0
The 10 th Board of Directors Yuanta Financial Holdings Co., Ltd. Representative: Zheng-hua Sun		✓	✓			✓	✓			✓	✓	✓	✓	✓		0
The 10 th Board of Directors Yuanta Financial Holdings Co., Ltd. Representative: Mei-Ling Kuo			✓			✓	✓			✓	✓	✓	✓	✓		0
The 10 th Board of Directors Cho-Min Yu	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
The 10 th Board of Directors Nai-Kuan Huang	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0

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

- (1) Not employed by the company or any of its affiliated companies.
- (2) Not a director or supervisor of the Company or its affiliated companies (but if the independent director is appointed in accordance with the "Securities and Exchange Act" or the law and regulations of the local country, and concurrently serves as such at a public company and its parent or subsidiary or a subsidiary of the same parent, it is not subject to this requirement).
- (3) Does not hold more than 1% of the company's outstanding shares in his/her own name or under the name of spouse, underage children, or any other person; nor is any party listed herein one of the ten largest natural person shareholders of the company.
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of a managerial officer under Subparagraph (1) or any of the persons in Paragraph (2) and (3).
- (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the Company or that ranks among the top five in shareholdings or that designates its representative to serve as a director or supervisor of the Company under Article 27, Paragraph 1 or 2 of the Company Act (but if the independent director is appointed in accordance with the "Securities and Exchange Act" or the law and regulations of the local country, and concurrently serves as such at a public company and its parent or subsidiary or a subsidiary of the same parent, it is not subject to this requirement).
- (6) A majority of the Company's director seats or voting shares and those of any other company are not controlled by the same person who is a director, supervisor, or employee of that other company (but if the independent director is appointed in accordance with the "Securities and Exchange Act" or the law and regulations of the local country, and concurrently serves as such at a public company and its parent or subsidiary or a subsidiary of the same parent, it is not subject to this requirement).
- (7) The chairperson, general manager, or person holding an equivalent position of the Company and a person

in any of those positions at another company or institution are not the same person or are not spouses who is a director (or governor), supervisor, or employee of that other company or institution (but if the independent director is appointed in accordance with the “Securities and Exchange Act” or the law and regulations of the local country, and concurrently serves as such at a public company and its parent or subsidiary or a subsidiary of the same parent, it is not subject to this requirement).

- (8) Not a director (or governor), supervisor, managerial officer, or a shareholder who holds 5% or more of the issued shares of another company or institution that conducts finance or business transactions with the Company (however, if a specific company or institution holds 20% or more and no more than 50% of the total number of issued shares of the Company and the independent directors appointed in accordance with the Act or the law and regulations of the local country concurrently serve as such at the Company and its parent or subsidiary or a subsidiary of the same parent company, it is not subject to this requirement).
- (9) Not a professional individual, or an owner, partner, director (or governor), supervisor or officer of a sole proprietorship, partnerships, company, or institution that provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the last 2 years had received cumulative compensation exceeding NT\$500,000, or a spouse thereof. However, this restriction does not apply to a member of the remuneration committee, public tender offer review committee or special committee for merger and acquisition, who exercises powers pursuant to the “Securities and Exchange Act” or to the “Business Mergers and Acquisition Act” or relevant laws and regulations.
- (10) Not a spouse or relative of second degree or closer to any other directors.
- (11) Does not meet any descriptions stated in Article 30 of The Company Act.
- (12) Not elected as a government or corporate representative according to Article 27 of The Company Act.

(II) Background information of the President, Vice Presidents, Assistant Vice Presidents and heads of various departments and branches

Date of information: January 31, 2020

Title	Name	Nationality	Gender	Date on board	Shares held		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current positions in the company and other companies	Spouse or relatives of second degree or closer acting as managers			The acquisition of ESO by managers
					Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage			Title	Name	Relationship	
President	Hsiao-Ling Chou	Republic of China	Female	2014/04/01	3,144	0.00%	0	0%	0	0%	Director and Vice Chairman, Yuanta Futures Co., Ltd. Director and Vice President, Overseas Chinese Bank. President of Brokerage Department, Polaris Securities Co., Ltd. Master, Banking and Finance, National Taiwan University	Director of Yuanta Futures (Hong Kong) Limited, Director of SYF Information Co., Ltd., Director of SYF Information (SAMOA) Limited, Director of SYF Information (Shanghai) Limited, Director of Taiwan Futures Exchange, Director of Yuanta Foundation, Director of Connection Labs Ltd., and Independent Director of Luo Lih Fen Holdings Co., Ltd.	None	None	None	None
Executive Vice President	Chun-Chieh Wang	Republic of China	Male	2017/08/01	0	0%	0	0%	0	0%	Vice President of the Operating Center of Yuanta Securities Co., Ltd.. Master, Banking and Finance, National Central University	Director, Yuanta Futures (HK) Co., Limited; Chairman, SYF Information Co., Ltd.; Director, SYF Information (SAMOA) Limited	None	None	None	None
Executive Vice President	Kuo-Chun Hsu	Republic of China	Male	2008/12/02	0	0%	0	0%	0	0%	Senior Vice President, Managed Futures Department of Yuanta Futures Master, Banking and Finance, National Taiwan University	None	None	None	None	
Senior vice president, Domestic Institution Division	Chia-Ling Tsai	Republic of China	Female	2005/01/03	0	0%	0	0%	0	0%	Vice President, Institution Dept, Polaris Futures Co., Ltd. MBA, National Chiao Tung University	None	None	None	None	
Senior Vice President, Proprietary Trade Dept.	Shu-Fang Chen	Republic of China	Male	2016/08/01	0	0%	0	0%	0	0%	The partner and Investment Officer of Shanghai Yanqi Capital Department of Journalism & Communication Studies, Catholic Fujung University	None	None	None	None	

Title	Name	Nationality	Gender	Date on board	Shares held		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current positions in the company and other companies	Spouse or relatives of second degree or closer acting as managers			The acquisition of ESO by managers
					Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage			Title	Name	Relationship	
Senior Vice President, Network Business Division	Yi-Jui Kao	Republic of China	Male	2014/09/01	0	0%	0	0%	0	0%	Junior VP of Yuanta Securities Co., Ltd. - Tucheng Branch Master of International Business, National Taiwan University	None	None	None	None	None
Senior Vice President, Trading settlement	Lai-E Yen	Republic of China	Female	2016/04/18	0	0%	0	0%	0	0%	Deputy Director / Head of Transaction Settlement Department of UBS Futures (China) Department of Finance, University of Central Missouri	Director, Yuanta Futures (HK) Co., Limited; Director, SYF Information (SAMOA) Limited; Chairman, SYF Information (Shanghai) Limited	None	None	None	None
Senior Vice President, Auditing Dept.	Min-Fang Wu	Republic of China	Male	2012/04/01	0	0%	0	0%	0	0%	Asst VP, Auditing Office, Yuanta Futures MBA, National Chiayi University	None	None	None	None	None
Vice President, Compliance Dept.	Lee-Ling Chien	Republic of China	Female	2012/05/01	0	0%	0	0%	0	0%	Senior Asst VP, Legal Affairs & Compliance Dept, Yuanta Polaris Securities Dept of Laws, Soochow University	None	None	None	None	None
Vice President, Proprietary Trading Dept. (leverage transaction merchants)	Wei-Pin Chuang	Republic of China	Male	2017/04/17	0	0%	0	0%	0	0%	Vice President, Business Division, KGI Securities Master of Economics, Soochow University	None	None	None	None	None
Vice President of the Domestic Institutions Department	Ching-Yee Chang	Republic of China	Female	2012/04/01	0	0%	0	0%	0	0%	Asst VP, Institution Dept, Yuanta Futures Dept of Business Administration, Shih Chien University	None	None	None	None	None
Vice President of the Overseas Institutional Business Department	Chun-Hao Chang	Republic of China	Male	2014/09/01	0	0%	0	0%	0	0%	Senior Deputy Manager, Institution Dept., Yuanta Futures Department of Economics, University of Washington, USA	Director, Yuanta Futures (HK) Co., Limited	None	None	None	None
Vice President, Finance and Accounting Department	Liang-Huei Yuan	Republic of China	Female	2012/04/01	0	0%	0	0%	0	0%	Senior Manger, Finance and Accounting Department, Yuanta Futures Master, Banking and	None	None	None	None	None

Title	Name	Nationality	Gender	Date on board	Shares held		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current positions in the company and other companies	Spouse or relatives of second degree or closer acting as managers			The acquisition of ESO by managers
					Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage			Title	Name	Relationship	
											Finance, National Taipei University					
Senior Asst VP, Risk Management Dept.	Cheng-Kang Wu	Republic of China	Male	2012/04/01	0	0%	0	0%	0	0%	Asst VP, Risk Management Office, Yuanta Futures Master, Banking and Finance, National Taiwan University	Yuanta Financial Holding Co., Ltd. Senior Manger, Risk Management Dept.	None	None	None	None
Senior Asst VP of Business Department	Shu-Fen Kung	Republic of China	Female	2017/06/01	0	0%	0	0%	0	0%	Asst VP of Yuanta Securities Co., Ltd. Ximen Branch Master, Banking and Finance, National Chiao Tung University	None	None	None	None	None
Senior Asst VP, Management Department	Hsiu-Ling Chung	Republic of China	Female	2012/04/01	0	0%	0	0%	0	0%	Manager, Management Dept., Yuanta Futures MBA, National Chiayi University	None	None	None	None	None
Senior Asst VP, Research Department.	Yu-Hong Chen	Republic of China	Male	2012/04/01	0	0%	0	0%	0	0%	Deputy Manager of Research and Development Department, Yuanta Futures Co., Ltd. Master, Banking and Finance, National Central University	None	None	None	None	None
Asst VP, IT Dept.	Hsin-Hsien Li	Republic of China	Male	2017/09/01	0	0%	0	0%	0	0%	Professional Manager, IT Department, Yuanta Futures Co., Ltd., Banqiao Senior High School	Director, SYF Information Co., Ltd.	None	None	None	None
Senior Manager, Consulting Department	Zhong-Jun Zheng	Republic of China	Male	2018/06/01	0	0%	0	0%	0	0%	Senior Manger, Network Business Department of Yuanta Futures Business Administration Dept, Chinese Culture University	None	None	None	None	None
Senior Manager, Clearing Department	Li-Li Lin	Republic of China	Female	2016/08/01	0	0%	0	0%	0	0%	Senior Deputy Manager, Clearing Dept., Yuanta Futures Department of General Business, Chihlee Institute of Technology	None	None	None	None	None
Customer Service / Trading Department	Chia-Hui Hu	Republic of China	Female	2014/03/01	20,042	0.00%	0	0%	0	0%	Deputy Manager, Customer Service and Dealing	None	None	None	None	None

Title	Name	Nationality	Gender	Date on board	Shares held		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current positions in the company and other companies	Spouse or relatives of second degree or closer acting as managers			The acquisition of ESO by managers
					Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage			Title	Name	Relationship	
Manager											Dept, Polaris Futures Co., Ltd. Shih Hsin High School of Industry and Commerce – Department of General Business					
Professional Manager, Proprietary trading (Securities Proprietary)	Chao-Yi Kuo	Republic of China	Male	2019/11/01	0	0%	0	0%	0	0%	Professional Manager, Proprietary Trading Department, Yuanta Futures Co., Ltd., Master, Banking and Finance, National Chiao Tung University	None	None	None	None	None
Hsinchu Branch Manager	Tsung-Hsiang Chen	Republic of China	Male	2015/07/01	0	0%	0	0%	0	0%	Deputy Manager of Yuanta Futures Co., Ltd., Hsinchu Branch Department of Ethnology, National Chengchi University	None	None	None	None	None
Taichung Branch Manager	Feng-An Liu	Republic of China	Male	2015/12/01	0	0%	0	0%	0	0%	Deputy Manager of Yuanta Securities Co., Ltd. Danshui Branch Dept. of International Business and Trade , National Tamkang University	None	None	None	None	None
Tainan Branch Manager	Hsieh-Cheng Li	Republic of China	Male	2018/06/01	0	0%	0	0%	0	0%	Deputy Manager of Yuanta Futures Co., Ltd., Tainan Branch Dept of Statistics, National Tamkang University	None	None	None	None	None
Kaohsiung Branch Manager	Guo-Liang Wang	Republic of China	Male	2015/09/01	0	0%	0	0%	0	0%	Deputy Manager of Yuanta Securities Co., Ltd. Yiwen Branch Master, Banking and Finance, National Central University	None	None	None	None	None

Note: As of January 31, 2020, the Company had 232,276,288 shares in circulation.

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

(I) Directors, President's and Vice Presidents' remuneration

1. Directors' remuneration (including Independent Directors) (individual)

Unit: thousand dollars

Title	Name (Note 1)	Directors' remuneration								The sum of A, B, C and D as a percentage of after-tax profit (Note 10)		Remuneration as an employee								The sum of A, B, C, D, E, F and G as a percentage of after-tax net profit (Note 10)		Remuneration from invested businesses other than the subsidiaries or parent company (Note 11)
		Remuneration (A) (Note 2)		Pension (B)		Remuneration to directors (C) (Note 3)		Fees for services rendered (D) (Note 4)				Salaries, bonuses, special allowances etc (E) (Note 5)		Pension (F)		Remuneration to employees (G) (Note 6)						
		The Company	All companies shown in the financial report (note 7)	The Company	All companies shown in the financial report (note 7)	The Company	All companies shown in the financial report (note 7)	The Company	All companies shown in the financial report (note 7)	The Company	All companies shown in the financial report (note 7)	The Company	All companies shown in the financial report (note 7)	The Company	All companies shown in the financial report (note 7)	The Company shown in the financial report (note 7)		The Company	All companies shown in the financial report (note 7)			
Chairman	Name of corporate shareholder: Yuanta Financial Holdings Co., Ltd. Representative: Tien-Fu Lin	27,000	27,000					3,970	3,970	2.73%	2.73%									2.73%	2.73%	None
Director co-headed President	Name of corporate shareholder: Yuanta Financial Holding Co., Ltd. Representative: Hsiao-Ling Chou							208	208	0.02%	0.02%	21,040	21,040			15	15			1.87%	1.87%	None

1. Please state the policy, system, standard, and structure of independent directors' remuneration payment, and describe the relevance to the amount of remuneration according to the responsibilities, risks, time contributed, etc.: The remuneration of the Company's independent directors is determined in accordance with the Articles of Incorporation by referring to the principle of remuneration payment for independent directors of Yuanta Financial Holding Group; also, it is reported to the Company's Board of Directors for resolutions.

2. In addition to the disclosure in the preceding Paragraph, the remunerations collected by the directors of the futures merchants for the services (such as, serving as a consultant who is not an employee, etc.) provided to all companies in the consolidated financial statements in the most recent year:

(1) The car for the transportation of the chairman, NT\$3,733 thousand, plus a chauffeur assigned to serve is for a total remuneration of NT\$909 thousand.

(2) The car for the transportation of the director who also serves as the general manager, NT\$1,511 thousand, plus a chauffeur assigned to the service is for a total remuneration of NT\$1,010 thousand.

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

Remunerations to individual directors in respective brackets along the salaries scale	Name of director			
	The total of the aforementioned 4 items (A+B+C+D)		The total of the aforementioned 7 items (A+B+C+D+E+F+G)	
	The Company (Note 8)	All companies shown in the financial report (Note 9) H	The Company (Note 8)	All companies shown in the financial report (Note 9) I
<NT\$1,000,000	Hsiao-Ling Chou; Shao-Hsing Kung; Hsiu-Wei Chen; Yueh-Tsang Li; Hsien-Tao Chiu; Zheng-hua Sun; Mei-Ling Kuo	Hsiao-Ling Chou; Shao-Hsing Kung; Hsiu-Wei Chen; Yueh-Tsang Li; Hsien-Tao Chiu; Zheng-hua Sun; Mei-Ling Kuo	Shao-Hsing Kung; Hsiu-Wei Chen; Yueh-Tsan Li; Hsien-Tao Chiu; Zheng-hua Sun; Mei-Ling Kuo	Shao-Hsing Kung; Hsiu-Wei Chen; Yueh-Tsan Li; Hsien-Tao Chiu; Zheng-hua Sun; Mei-Ling Kuo
NT\$1,000,000 ~ NT\$2,000,000 (exclusive)	Cho-Min Yu; Ching-Shan Hung; Nai-Kuan Huang	Cho-Min Yu; Ching-Shan Hung; Nai-Kuan Huang	Cho-Min Yu; Ching-Shan Hung; Nai-Kuan Huang	Cho-Min Yu; Ching-Shan Hung; Nai-Kuan Huang
NT\$2,000,000 ~ NT\$3,500,000 (exclusive)				
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)				
NT\$15,000,000 ~ NT\$30,000,000 (exclusive)	Tien-Fu Lin	Tien-Fu Lin	Tien-Fu Lin Hsiao-Ling Chou	Tien-Fu Lin Hsiao-Ling Chou
NT\$30,000,000 ~ NT\$50,000,000 (exclusive)				
NT\$50,000,000 ~ NT\$100,000,000 (exclusive)				
> NT\$100,000,000				
Total	11 persons	11 persons	11 persons	11 persons

Note 1: The names of directors should be listed separately (the name of corporate shareholders representatives should be listed separately); the name of the general directors and independent directors should also be listed separately, and each payment amount should be disclosed in a summary manner. If the Director is also the President or Vice President of the Company, please fill in this table and table (3-2-1) or (3-2-2).

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

Note 3: It is the remuneration of directors resolved by the Board of Directors in the most recent year (if it is not yet resolved by the Board of Directors, please fill in the amount audited by the public certified accountant).

Note 4: Refers to compensations for services rendered (including travel, special allowances, various subsidies, accommodation, corporate vehicle and other items). If houses, cars or other vehicles, or personal allowances were granted, please describe the nature and cost of assets, their rental rates calculated based on actual or fair value, and details on petrol and other subsidies. If personal drivers were allocated, please make a footnote disclosure of the salaries made to these driver, but do not count them as part of the beneficiaries' remuneration.

- Note 5: Remunerations received by directors who have also worked in the capacity as employees (including the position of President, Vice President, managers, and employees), including, salaries, subsidies, severance pay, bonus, awards, traveling subsidy, special subsidy, different forms of subsidies, accommodation, company car, and other supplies in kind. If houses, cars or other vehicles, or personal allowances were granted, please describe the nature and cost of assets, their rental rates calculated based on actual or fair value, and details on petrol and other subsidies. If personal drivers were allocated, please make a footnote disclosure of the salaries made to these driver, but do not count them as part of the beneficiaries' remuneration. The salary expense recognized in accordance with IFRS 2, "Share-Based Payment", including ESO, RS, and participation in subscription of new shares for raising capital, etc.
- Note 6: For the directors who are also employees (including President, Vice President, managers, and staff) of the Company in the most recent year with remuneration received (including stock and cash), the remuneration amount to employees resolved in the board meeting in the most recent year should be disclosed. If the remuneration amount cannot be estimated, the amount to be distributed this year is to be estimated proportionally to the actual amount distributed last year. (If it is not yet approved by the board of directors, please fill in the amount audited by the CPAs).
- Note 7: The disclosure should cover all companies included in the consolidated financial statements (including The Company); present the total amount of remuneration paid by all companies above to The Company's Directors.
- Note 8: The amount of remuneration made by The Company to each Director is disclosed separately in amount ranges.
- Note 9: The total amount of remunerations to each director of the Company under the consolidated financial statement (including the Company) shall be disclosed with the disclosure of the names of the directors falling in relevant brackets.
- Note 10: Earnings shall refer to the net income after taxation of the separate entities or in separate financial statements in the most recent fiscal year.
- Note 11: a. Please clearly indicate the amount of remuneration received by the Company's directors from the reinvested companies other than the subsidiary or from the parent company in this column (if not, please fill in "none").
- b. For Directors who receive remuneration from invested businesses other than subsidiaries or parent company, the amount of remuneration from these invested businesses or parent company should be added to column I of the Remuneration brackets table. Change the name of column I to "parent company and all invested businesses".
- c. Remuneration refers to any returns, compensation (including remuneration to Employees, Directors and Supervisors), professional fees etc which The Company's Directors have received for serving as directors, supervisors, or managers in invested businesses other than subsidiaries or parent company .
- * The basis of remuneration disclosed above is different to the basis required by the income tax law; hence the above table has been prepared solely for information disclosure, and not for tax purposes.

4. Remuneration to the President and Vice President

Title	Name (Note 1)	Salary (A) (Note 2)		Pension (B)		Bonuses and allowances etc (C) (Note 3)		Remuneration to employees (D) (Note 4)				The sum of A, B, C and D as a percentage of after-tax profit (%) (Note 8)		Remuneration from invested businesses other than the subsidiaries or parent company (Note 9)
		The Company	All companies contained in the financial report (Note 5)	The Company	All companies contained in the financial report (Note 5)	The Company	All companies contained in the financial report (Note 5)	The Company		All companies contained in the financial report (Note 5)		The Company	All companies contained in the financial report (Note 5)	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
President	Hsiao-Ling Chou	23,588	23,588			61,604	61,604	174		174	7.52%	7.52%	None	
Executive Vice President	Kuo-Chun Hsu													
Executive Vice President	Chun- Chieh Wang													
Senior Vice Presidents	Chia-Ling Tsai													
Senior Vice Presidents	Shu-Fang Chen													
Senior Vice Presidents	Yi-Jui Kao													
Senior Vice Presidents	Lai-E Yen													
Vice President	Wei-Pin Chuang													
Vice President	Min-Fang Wu													
Vice President	Lee-Ling Chien													
Vice President	Chun-Hao Chang													
Vice President	Ching-Yee Chang													
Vice President	Liang- Huei Yuan													

Note (1): In the consolidated statement, the remunerations for all companies, including remuneration for Yuanta Futures Hong Kong, were converted at the exchange rate quoted as of 2019/12/31, i.e., HKD: TWD=1: 3.87.

5. Table of remunerations brackets to the President and Vice President

Unit: NT\$ thousand

The brackets of remunerations to all Presidents and Vice Presidents of the Company	Names of the Presidents and the Vice Presidents	
	The Company (Note 6)	All companies shown in the financial report (Note 7) E
<NT\$1,000,000		
NT\$1,000,000 ~ NT\$2,000,000 (exclusive)		
NT\$2,000,000 ~ NT\$3,500,000 (exclusive)		
NT\$3,500,000 ~ NT\$5,000,000 (exclusive)	Lai-E Yen; Wei-Pin Chuang; Chun-Hao Chang Liang-Huei Yuan; Min-Fang Wu; Lee-Ling Chien	Lai-E Yen; Wei-Pin Chuang; Chun-Hao Chang Liang-Huei Yuan; Min-Fang Wu; Lee-Ling Chien
NT\$5,000,000 ~ NT\$10,000,000 (exclusive)	Kuo-Chun Hsu; Chun-Chieh Wang; Shu-Fang Chen Chia-Ling Tsai; Yi-Jui Kao; Ching-Yee Chang	Kuo-Chun Hsu; Chun-Chieh Wang; Shu-Fang Chen Chia-Ling Tsai; Yi-Jui Kao; Ching-Yee Chang
NT\$10,000,000 ~ NT\$15,000,000 (exclusive)		
NT\$15,000,000 ~ NT\$30,000,000 (exclusive)	Hsiao-Ling Chou	Hsiao-Ling Chou
NT\$30,000,000 ~ NT\$50,000,000 (exclusive)		
NT\$50,000,000 ~ NT\$100,000,000 (exclusive)		
> NT\$100,000,000		
Total	13 persons	13 persons

Note 1: The names of the President and Vice Presidents should be presented separately; the amount of benefits and allowances can be presented in aggregate sulf the Director is also the President or Vice President of the Company, please fill in this table and table (1-1) or above tabl (1-2-1) and (1-2-2).

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

Note 3: Refers to other compensations such as bonuses, incentives, travel allowances, special allowances, various subsidies, accommodation, corporate vehicle or other items made to the President and Vice Presidents. If houses, cars or other vehicles, or personal allowances were granted, please describe the nature and cost of assets, their rental rates calculated based on actual or fair value, and details on petrol and other subsidies. If personal drivers were allocated, please make a footnote disclosure of the salaries made to these driver, but do not count them as part of the beneficiaries' remuneration. The salary expense recognized in accordance with IFRS 2, "Share-Based Payment", including ESO, RS, and participation in subscription of new shares for raising capital,etc.

- Note 4: Please fill in the remuneration amount to the President and Vice President resolved in the board meeting in the most recent year (including stock and cash). If the remuneration amount cannot be estimated, the amount to be distributed this year is to be estimated proportionally to the actual amount distributed last year. (If it is not yet approved by the board of directors, please fill in the amount audited by the CPAs).
- Note 5: Please disclose the total amount paid to the Company's President and Vice President by the consolidated subsidiaries (including the Company).
- Note 6: The amount of remuneration made by The Company to its President/Vice Presidents is disclosed separately in amount ranges.
- Note 7: The total remunerations to each President and Vice President of all companies in the consolidated financial statements (including the Company), and disclose the names of these Presidents and Vice Presidents in relevant brackets along the scale of remunerations.
- Note 8: Earnings shall refer to the net income after taxation of the separate entities or in separate financial statements in the most recent fiscal year.
- Note 9:
- a. Please clearly indicate the amount of remuneration received by the Company's general manager and vice president from the reinvested companies other than the subsidiary or from the parent company in this column (if not, please fill in "none").
 - b. For President/Vice Presidents who receive remuneration from invested businesses other than subsidiaries or parent company, the amount of remuneration from these invested businesses or parent company should be added to column E of the Remuneration brackets table. Change the name of column E to "parent company and all invested businesses"
 - c. Remuneration refers to any returns, compensation (including remuneration to Employees, Directors and Supervisors), professional fees etc which The Company's President/Vice Presidents have received for serving as directors, supervisors, or managers in invested businesses other than subsidiaries or parent company.
- * The basis of remuneration disclosed above is different to the basis required by the income tax law; hence the above table has been prepared solely for information disclosure, and not for tax purposes.

5. Name of the managers received remuneration and the distribution of remuneration

Distribution base line date: August 6, 2019

	Title (Note 1)	Name (Note 1)	Stock amount	Cash amount	Total	As a percentage of net profit after tax (%)
Manager	President	Hsiao-Ling Chou	0	320 thousand dollars	320 thousand dollars	0.02%
	Executive Vice President	Kuo-Chun Hsu				
	Executive Vice President	Chun-Chieh Wang				
	Senior Vice President, Domestic Institution Division	Chia-Ling Tsai				
	Senior Vice President, Proprietary Trade Dept.	Shu-Fang Chen				
	Senior Vice President, Network Business Division	Yi-Jui Kao				
	Senior Vice President, Trading settlement	Lai-E Yen				
	Senior Vice President, Auditing Dept.	Min-Fang Wu				
	Vice President, Compliance Dept.	Lee-Ling Chien				
	Vice President of the Domestic Institutions Department	Ching-Yee Chang				
	Vice President, Proprietary Trading Dept. (leverage transaction merchants)	Wei-Pin Chuang				
	Vice President of the Overseas Institutional Business Department	Chun-Hao Chang				
	Vice President, Finance and Accounting Department	Liang-Huei Yuan				
	Senior Asst VP, Risk Management Dept.	Cheng-Kang Wu				
	Senior Asst VP of Business Department	Shu-Fen Kung				
	Senior Asst VP, Management Department	Hsiu-Ling Chung				
	Senior Asst VP, Research Department.	Yu-Hong Chen				
	Asst VP, IT Dept.	Hsin-Hsien Li				
	Senior Manager, Consulting Department	Zhong-Jun Zheng				
	Senior Manager, Clearing Department	Li-Li Lin				
	Customer Service / Trading Department Manager	Chia-Hui Hu				
Hsinchu Branch Manager	Tsung-Hsiang Chen					
Taichung Branch Manager	Feng-An Liu					
Tainan Branch Manager	Hsieh-Cheng Li					
Kaohsiung Branch Manager	Guo-Liang Wang					

Note 1: The name and job title of each individual should be disclosed; however, the distribution of earnings can be disclosed aggregately.

Note 2: Please fill in the remuneration amount to the managers resolved in the board meeting in the most recent year (including stock and cash). If the remuneration amount cannot be estimated, the amount to be distributed this year is to be estimated proportionally to the actual amount distributed last year. Corporate earnings shall be the net income after taxation. If IFRS has already been adopted, corporate earnings shall be the net income after taxation of individual entities or individual financial statements.

Note 3: According to Notice Tai-Tsai-Cheng-3 No. 0920001301 dated March 27, 2003, the following managerial roles are subject to reporting:

- (1) President and the equals (2) Vice President and the equals (3) Junior V.P. and the equals (4) Director of the Finance Department (5) Director of the Accounting Department
(6) Others who are responsible for business management and authorized to sign document on behalf of the Company.

Note 4: If the Directors, President, and Vice President have received remuneration (including stock and cash), in addition to filling out Attachment 1.2, this form must be filled out too.

6. The name, job title, and remuneration amount received of the Top-Ten managers in 2018

Distribution base line date: August 6, 2019

	Title	Name	Stock amount	Cash amount	Total	As a percentage of net profit after tax (%)
Top-Ten employment remuneration receivers	President	Hsiao-Ling Chou	0	162 thousand dollars	162 thousand dollars	0.01%
	Executive Vice President	Kuo-Chun Hsu				
	Executive Vice President	Chun-Chieh Wang				
	Senior vice president, Domestic Institution Division	Chia-Ling Tsai				
	Senior Vice President, Proprietary Trade Dept.	Shu-Fang Chen				
	Senior Vice President, Network Business Division	Yi-Jui Kao				
	Senior Vice President, Trading settlement	Lai-E Yen				
	Senior Vice President, Auditing Dept.	Min-Fang Wu				
	Vice President, Compliance Dept.	Lee-Ling Chien				
	Vice President of the Domestic Institutions Department	Ching-Yee Chang				
	Vice President, Proprietary Trading Dept. (leverage transaction merchants)	Wei-Pin Chuang				
	Vice President of the Overseas Institutional Business Department	Chun-Hao Chang				

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

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

Unit: NT\$ thousand; percentage

Year	After-tax net profit	Directors' remuneration	Directors' remuneration as a percentage of after-tax net profit	President's and Vice Presidents' remuneration	President's and Vice Presidents' remuneration as a percentage of after-tax net profit
2018	1,000,045	47,602	4.76	81,901	8.19
2019	1,135,799	58,344	5.13	98,929	8.71

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

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

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

(III) Repatriation as consultants/advisors of retired chairpersons and presidents.

No retired chairpersons and presidents have been repatriated as consultants/advisors.

(IV) Does the company make succession planning for BOD members and important management? How does the plan work?

Every year the Company plans extension education courses in relation to corporate governance with respect to the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies", "Yuanta Futures Co., Ltd. Governance Best Practice Principles", and the "Yuanta Futures Co., Ltd. Regulations for Extension Education of Directors", and in consideration of the changes within and outside of the company, the organizational development needs and the director's expertise, in order to help directors become enriched in the information required by directors and improve their performance in duty implementation. The financial holding company to which this Company affiliates also arranges training in related subsidiaries for potential staff to cultivate and develop the foundation of succession for BOD and the management.

In addition, we have applied the deputy policy to leaders of all levels and train and cultivate senior talents to effectively implement the succession plan and improve the leadership competency of supervisors of all levels. Through intensive internal talent cultivation and internal promotion policies, we effectively cohere the organization commitment of employees, lower the employee turnover rate, and facilitate organizational performance improvement.

IV. Corporate governance

(I) Functionality of the Board of Directors

14 Board of Directors meetings were held in the latest year (2019); Directors' and Independent Directors' attendance are listed below:

Title	Name (Note 1)	Actual attendance (B)	Proxy Attendance	Percentage of actual attendance (%) [B/A] (Note 2)	Remarks
Chairman	Yuanta Financial Holdings Co., Ltd. Representative: Tien-Fu Lin	14	0	100%	The 10 th Board of Directors
Director	Yuanta Financial Holdings Co., Ltd. Representative: Hsiao-Ling Chou	14	0	100%	The 10 th Board of Directors
Director	Yuanta Financial Holdings Co., Ltd. Representative: Yueh-Tsang Li	13	1	93%	The 10 th Board of Directors
Director	Yuanta Financial Holdings Co., Ltd. Representative: Hsien-Tao Chiu	12	2	86%	The 10 th Board of Directors
Director	Yuanta Financial Holdings Co., Ltd. Representative: Hsiu-Wei Chen (Note 3)	2	0	50%	The directors of the 10 th term with 4 meetings to attend were dismissed on April 1, 2019.
Director	Yuanta Financial Holdings Co., Ltd. Representative: Zheng-hua Sun	10	0	100%	The directors newly appointed on April 1, 2019 were with 10 meetings to attend.
Director	Yuanta Financial Holdings Co., Ltd. Representative: Shao-Hsing Kung	4	0	100%	The directors of the 10 th term with 4 meetings to attend were dismissed on April 8, 2019.
Director	Yuanta Financial Holdings Co., Ltd. Representative: Mei-Ling Kuo	10	0	100%	The directors newly appointed on April 8, 2019 were with 10 meetings to attend.
Independent Director	Cho-Min Yu	14	0	100%	The 10 th Independent Director
Independent Director	Ching-Shan Hung (Note 4)	14	0	100%	The independent directors of the 10 th term with 14 meetings to attend were dismissed on December 30, 2019.
Independent Director	Nai-Kuan Huang	14	0	100%	The 10 th Independent Director

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

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

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

Note 3: Director, Hsiu-Wei Chen, was dismissed on April 1, 2019 who should have attended 4 meetings during his tenure; however, the director had asked for leave 2 times and attended the meeting by proxy 0 times.

Note 4: Ching-Shan Hung, an independent director, resigned on December 30, 2019, and the vacancy will be filled with an election to be held in the latest shareholders meeting.

Other remarks:

1. For the operation of the Board of Directors in any of the following circumstances, please specify the date, term, the contents of the proposals, the opinions of all independent directors, and the process of the opinions proposed by the independent directors:

- (1) Matters under Article 14~3 of the Securities and Exchange Act: Where the Company has duly set up the Audit Committee, matters set forth under Article 14~5 of the Securities and Exchange Act are no longer applicable.
- (2) Except for the aforementioned matters, the resolutions reached by the Board of Directors with the objections or reservations of the independent directors documented or declared in writing: None.

2. With respect to the avoidance of conflicting interest agendas, describe the names of directors, details of the relevant agendas, reasons for avoiding conflicting interest, and the voting decisions:

Board of Directors Meeting Date	Name of director	Agenda	Reasons for avoiding conflicting interests	Voting decision
January 24, 2019	Director, Tien-Fu Lin	The relevant transactions of securities issued by interested parties of trading in Proprietary Trading Department or self-regulatory objects.	Chairperson Tian-fu Lin is the independent director of TTY Biopharm Company Limited, an affiliate of this project.	Chairman Tien-Fu Lin, a related party, withdrew from conflict involvement (recusal) and from the discussion and voting process. All other present directors voiced no objection at all in response to the inquiry by Independent Director, Chwo-Ming Yu. The issue was duly passed without objection.
	Independent Director, Ching-Shan Hung; Independent Director, Nai-Kuan Huang; Director Yueh-Tsang Li; Director, Shao-Hsing Kung	This is regarding the trade of securities and the use of proprietary funds for trading the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject.	Independent Director, Ching-Shan Hung; Independent Director, Nai-Kuan Huang; Director Yueh-Tsang Li; Director, Shao-Hsing Kung were also in charge of independent director; director or managers of the related company in the case, Yuanta Securities Co., Ltd.	Independent Director, Ching-Shan Hung; Independent Director, Nai-Kuan Huang; Director Yueh-Tsang Li; Director, Shao-Hsing Kung are stakeholders, and were excused from the discussion and votes to avoid the conflict of interest. All other directors present in the meeting acted in favor of the motion as stated in common consent after the inquiry of the chairman of the meeting.
	Chairman, Tien-Fu Lin and Director, Hsiao-Ling Chou	It is regarding the performance bonus to the Company's senior executives and managers.	Chairman, Tien-Fu Lin and Director, Hsiao-Ling Chou are the related party in the case.	Related parties Chairman Tien-Fu Lin and Director Hsiao-Ling Chou withdrew from conflict involvement (recusal) and from the discussions and voting processes. All other present directors voiced no objection at all in response to inquiry by Independent Director, Chwo-Ming Yu. The issue was duly passed without objection.
March 6, 2019	Director, Hsiao-Ling Chou	It is for defining the Company's 2019 managing officer's work goals.	Director Hsiao-Ling Chou is the related party in the case.	Director, Hsiao-Ling Chou, a stakeholder, was excused from the discussion and votes to avoid the conflict of interest. All other directors present in the meeting acted in favor of the motion as stated in common consent after the inquiry of the chairman of the meeting.
March 21, 2019	Director, Hsiao-Ling Chou	Presenting the 2018 Employees' Remuneration Distribution.	Director Hsiao-Ling Chou is the related party in the case.	Director, Hsiao-Ling Chou, a stakeholder, was excused from the discussion and votes to avoid the conflict of interest. All other directors present in the meeting acted in favor of the motion as stated in common consent after the inquiry of the chairman of the meeting.
March 26, 2019	Chairman Tien-Fu Lin; Director, Hsiao-Ling Chou; Director, Hsiu-Wei Chen	A donation to the interested party Yuanta Cultural & Educational Foundation.	Chairman Tien-Fu Lin; Director, Hsiao-Ling Chou; Director, Hsiu-Wei Chen were also in charge of the director of the related company in the case, Yuanta Foundation.	Chairman Tien-Fu Lin, Director Chou Hsiao-Ling and Director Hsiu-Wei Chen related parties, withdrew from conflict involvement (recusal) and from the discussion and voting process. All other present directors voiced no objection at all in response to the inquiry by Independent Director Chwo-Ming Yu. The issue was duly passed without objection.
	Director, Tien-Fu Lin	The relevant transactions of securities issued by interested parties of trading in Proprietary Trading Department or self-regulatory objects.	Chairperson Tian-fu Lin is the independent director of TTY Biopharm Company Limited, an affiliate of this project.	Chairman Tien-Fu Lin, a related party, withdrew from conflict involvement (recusal) and from the discussion and voting process. All other present directors voiced no objection at all in response to

				the inquiry by Independent Director, Chwo-Ming Yu. The issue was duly passed without objection.
	Independent Director, Ching-Shan Hung; Independent Director, Nai-Kuan Huang; Director Yueh-Tsang Li; Director, Shao-Hsing Kung	This is regarding the trade of securities and the use of proprietary funds for trading the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject.	Independent Director, Ching-Shan Hung; Independent Director, Nai-Kuan Huang; Director Yueh-Tsang Li; Director, Shao-Hsing Kung were also in charge of independent director; director or managers of the related company in the case, Yuanta Securities Co., Ltd.	Independent Director, Ching-Shan Hung; Independent Director, Nai-Kuan Huang; Director Yueh-Tsang Li; Director, Shao-Hsing Kung are stakeholders, and were excused from the discussion and votes to avoid the conflict of interest. All other directors present in the meeting acted in favor of the motion as stated in common consent after the inquiry of the chairman of the meeting.
April 8, 2019	Independent Director Ching-Shan Hung, Independent Director Nai-Kuan Huang, Director Yueh-Tsang Li who was represented by Director Zheng-hua Sun, Director Zheng-hua Sun, and Director Mei-Ling Kuo	Proposal for lifting competition restrictions on the Company's directors	Independent Director, Ching-Shan Hung; Independent Director, Nai-Kuan Huang; Director Yueh-Tsang Li; Director, Zheng-hua Sun; Director, Mei-Ling Kuo were also in charge of independent director; director or managers of the related company in the case, Yuanta Securities Co., Ltd.	Related party: Independent Director Ching-Shan Hung, Independent Director Nai-Kuan Huang, Director Yueh-Tsang Li, Director Yueh-Tsang Li who was represented by Director Zheng-hua Sun, and Director Mei-Ling Kuo had had a recusal and had not participated in discussion and voting in person, by proxy, or on behalf of others. The other attending directors being consulted by the chairman had also had the proposal passed unanimously.
May 2, 2019	Independent Director, Chwo-Ming Yu; Independent Director, Ching-Shan Hung; Independent Director, Nai-Kuan Huang; Director Yueh-Tsang Li; Director, Hsien-Tao Chiu; Director, Zheng-hua Sun; Director, Mei-Ling Kuo	Cooperate with the related parties, five companies, including Yuanta Securities Co., Ltd., to handle the matters related to the "Urban Renewal Plan" of the self-owned property, Datong Building.	Independent Director, Ching-Shan Hung; Independent Director, Nai-Kuan Huang; Director Yueh-Tsang Li; Zheng-hua Sun; Director, Mei-Ling Kuo were also in charge of independent director; director or managers of the related company in the case, Yuanta Securities Co., Ltd. Independent Director, Chwo-Ming Yu; Independent Director, Ching-Shan Hung; Director, Hsien-Tao Chiu were also in charge of Independent Director, Director of the related company in the case, Yuanta Commercial Bank Co., Ltd.; Director, Zheng-hua Sun were also in charge of director of the related company Yuanta Financial (Asia) Co., Ltd. in the case.	Independent Director, Chwo-Ming Yu; Independent Director, Ching-Shan Hung; Independent Director, Nai-Kuan Huang; Director Yueh-Tsang Li; Director, Hsien-Tao Chiu; Director, Zheng-hua Sun; Director, Mei-Ling Kuo, Shao-Hsing are stakeholders, and were excused from the discussion and votes to avoid the conflict of interest. All other directors present in the meeting acted in favor of the motion as stated in common consent after the inquiry of the chairman of the meeting.
May 27, 2019	Independent Director, Ching-Shan Hung; Independent Director, Nai-Kuan Huang; Director Yueh-Tsang Li; Director, Zheng-hua Sun; Director, Mei-Ling Kuo	This is regarding the trade of securities and the use of proprietary funds for trading the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject.	Independent Director, Ching-Shan Hung; Independent Director, Nai-Kuan Huang; Director Yueh-Tsang Li; Director, Zheng-hua Sun; Director, Mei-Ling Kuo were also in charge of independent director; director or managers of the related company in the case, Yuanta Securities Co., Ltd.	Independent Director, Ching-Shan Hung; Independent Director, Nai-Kuan Huang; Director Yueh-Tsang Li; Director, Zheng-hua Sun; Director, Mei-Ling Kuo are stakeholders, and were excused from the discussion and votes to avoid the conflict of interest. All other directors present in the meeting acted in favor of the motion as stated in common consent after the inquiry of the chairman of the meeting.
July 24, 2019	Independent Directors Ching-Shan Hung, Independent Director Nai-Kuan Huang, Director Yueh-Tsang Li, Director	This is regarding the trade of securities and the use of proprietary funds for trading the securities issued by any stakeholders or self-regulatory objects and the	Independent Director, Ching-Shan Hung; Independent Director, Nai-Kuan Huang; Director Yueh-Tsang Li; Director, Zheng-hua Sun; Director, Mei-Ling Kuo were also in charge of	Related party: Independent Director Ching-Shan Hung, Independent Director Nai-Kuan Huang, Director Yueh-Tsang Li, Director Hsien-Tao Chiu who was represented by Director Yueh-Tsang Yueh-

	Hsien-Tao Chiu who was represented by Director Yueh-Tsang Li, Director Zheng-hua Sun, and Director Mei-Ling Kuo	transactions linked to the underlying subject.	independent director; director or managers of the related company in the case, Yuanta Securities Co., Ltd.	Tsan Lig Li, Director Zheng-hua Sun, and Director Mei-Ling Kuo had had a recusal and had not participated in discussion and voting in person, by proxy, or on behalf of others. The other attending directors being consulted by the chairman had also had the proposal passed unanimously.
	Chairman, Tien-Fu Lin and Director, Hsiao-Ling Chou	It is regarding the performance bonus to the Company's senior executives and managers.	Chairman, Tien-Fu Lin and Director, Hsiao-Ling Chou are the related party in the case.	Related parties Chairman Tien-Fu Lin and Director Hsiao-Ling Chou withdrew from conflict involvement (recusal) and from the discussions and voting processes. All other present directors voiced no objection at all in response to inquiry by Independent Director, Chwo-Ming Yu. The issue was duly passed without objection.
	Director, Hsiao-Ling Chou	Presenting the 2018 Manager and Employees' Remuneration Distribution.	Director Hsiao-Ling Chou is the related party in the case.	Director, Hsiao-Ling Chou, a stakeholder, was excused from the discussion and votes to avoid the conflict of interest. All other directors present in the meeting acted in favor of the motion as stated in common consent after the inquiry of the chairman of the meeting.
September 25, 2019	Director, Hsiao-Ling Chou	The liquidation operation of Sheng Yuan Futures (Samoa) Co., Limited, the invested.	Director Hsiao-Ling Chou served as the director of SYF Information (SAMOA) Limited.—the Company's affiliated company.	Director, Hsiao-Ling Chou, a stakeholder, was excused from the discussion and votes to avoid the conflict of interest. All other directors present in the meeting acted in favor of the motion as stated in common consent after the inquiry of the chairman of the meeting.
	Independent Director, Ching-Shan Hung; Independent Director, Nai-Kuan Huang; Director Yueh-Tsang Li; Director, Zheng-hua Sun; Director, Mei-Ling Kuo	This is regarding the trade of securities and the use of proprietary funds for trading the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject.	Independent Director, Ching-Shan Hung; Independent Director, Nai-Kuan Huang; Director Yueh-Tsang Li; Director, Zheng-hua Sun; Director, Mei-Ling Kuo were also in charge of independent director; director or managers of the related company in the case, Yuanta Securities Co., Ltd.	Independent Director, Ching-Shan Hung; Independent Director, Nai-Kuan Huang; Director Yueh-Tsang Li; Director, Zheng-hua Sun; Director, Mei-Ling Kuo are stakeholders, and were excused from the discussion and votes to avoid the conflict of interest. All other directors present in the meeting acted in favor of the motion as stated in common consent after the inquiry of the chairman of the meeting.
October 30, 2019	Chairman Tien-Fu Lin; Director, Hsiao-Ling Chou; Director Yueh-Tsang Li; Director, Hsien-Tao Chiu; Director, Zheng-hua Sun; Director, Mei-Ling Kuo; Independent Director, Chwo-Ming Yu; Independent Director, Ching-Shan Hung; Independent Director, Nai-Kuan Huang	It is for matters related to the retitle of the Company's "Director Traveling Allowance and Attendance Allowance Standards" to "Regulations Governing Director's Traveling Allowance and Attendance Allowance" and amendments to some provisions.	Chairman Tien-Fu Lin; Director, Hsiao-Ling Chou; Director Yueh-Tsang Li; Director, Hsien-Tao Chiu; Director, Zheng-hua Sun; Director, Mei-Ling Kuo; Independent Director, Chwo-Ming Yu; Independent Director, Ching-Shan Hung; Independent Director, Nai-Kuan Huang are the related party in the case.	A separate voting is adopted for this proposal: Related party: Chairman Tien-Fu Lin, Director Hsiao-Ling Chou, Director Yueh-Tsang Li, Director Hsien-Tao Chiu, Director Zheng-hua Sun, and Director Mei-Ling Kuo had had a recusal and had not participated in discussion and voting in person. Independent Directors Chwo-Ming Yu, Independent Director Ching-Shan Hung, and Independent Director Nai-Kuan Huang, had all provisions, except for Article 3, passed unanimously after being consulted by the acting chairman, Independent Director Chwo-Ming Yu. Related party: Independent Directors Chwo-Ming Yu, Independent Director Ching-

				Shan Hung, and Independent Director Nai-Kuan Huang had had a recusal and had not participated in discussion and voting in person. Chairman Tien-Fu Lin, Director Hsiao-Ling Chou, Director Yueh-Tsang Li, Director Hsien-Tao Chiu, Director Zheng-hua Sun, and Director Mei-Ling Kuo had all provisions, except for Article 2, passed unanimously after being consulted by the chairman.
	Director, Hsiao-Ling Chou	The revision of part of the Company's "Regulations Governing Appointment & Management of Managerial Officers."	Director Hsiao-Ling Chou is the related party in the case.	Director, Hsiao-Ling Chou, a stakeholder, was excused from the discussion and votes to avoid the conflict of interest. All other directors present in the meeting acted in favor of the motion as stated in common consent after the inquiry of the chairman of the meeting.
November 27, 2019	Chairman, Tien-Fu Lin and Director, Hsiao-Ling Chou	A donation to the interested party Yuanta Cultural & Educational Foundation.	Chairman Tien-Fu Lin; Director, Hsiao-Ling Chou were also in charge of the director of the related company in the case, Yuanta Foundation.	Related parties Chairman Tien-Fu Lin and Director Hsiao-Ling Chou withdrew from conflict involvement (recusal) and from the discussions and voting processes. All other present directors voiced no objection at all in response to inquiry by Independent Director, Chwo-Ming Yu. The issue was duly passed without objection.
	Independent Director, Ching-Shan Hung; Independent Director, Nai-Kuan Huang; Director Yueh-Tsang Li; Director, Mei-Ling Kuo	This is regarding the trade of securities and the use of proprietary funds for trading the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject.	Independent Director, Ching-Shan Hung; Independent Director, Nai-Kuan Huang; Director Yueh-Tsang Li; Director, Mei-Ling Kuo were also in charge of independent director; director or managers of the related company in the case, Yuanta Securities Co., Ltd.	Independent Director, Ching-Shan Hung; Independent Director, Nai-Kuan Huang; Director Yueh-Tsang Li; Director, Mei-Ling Kuo are stakeholders, and were excused from the discussion and votes to avoid the conflict of interest. All other directors present in the meeting acted in favor of the motion as stated in common consent after the inquiry of the chairman of the meeting.
	Director, Hsiao-Ling Chou	It is for matters related to the stipulation of the Company's "Rules governing cash capital increase and employee stock subscription in 2019."	Director Hsiao-Ling Chou is the related party in the case.	Director, Hsiao-Ling Chou, a stakeholder, was excused from the discussion and votes to avoid the conflict of interest. All other directors present in the meeting acted in favor of the motion as stated in common consent after the inquiry of the chairman of the meeting.
December 25, 2019	Director, Hsiao-Ling Chou	© Issues for audit plans in 2020.	Director Hsiao-Ling Chou is the related party in the case.	Director, Hsiao-Ling Chou, a stakeholder, was excused from the discussion and votes to avoid the conflict of interest. All other directors present in the meeting acted in favor of the motion as stated in common consent after the inquiry of the chairman of the meeting.
January 16, 2020	Director, Yueh-Tsang Li; Director, Mei-Ling Kuo	This is regarding the trade of securities and the use of proprietary funds for trading the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject.	Director, Yueh-Tsang Li; Director, Mei-Ling Kuo were also in charge of the director or managers of the related company in the case, Yuanta Securities Co., Ltd.	Stakeholder, Director, Yueh-Tsang Li; Director, Mei-Ling Kuo were excused from the discussion and votes to avoid the conflict of interest. All other directors present in the meeting acted in favor of the motion as stated in common consent after the inquiry of the chairman of the meeting.

	Chairman, Tien-Fu Lin and Director, Hsiao-Ling Chou	It is regarding the performance bonus to the Company's senior executives and managers.	Chairman, Tien-Fu Lin and Director, Hsiao-Ling Chou are the related party in the case.	Related parties Chairman Tien-Fu Lin and Director Hsiao-Ling Chou withdrew from conflict involvement (recusal) and from the discussions and voting processes. All other present directors voiced no objection at all in response to inquiry by Independent Director, Chwo-Ming Yu. The issue was duly passed without objection.
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3. TWSE/TPEX Listed Companies shall disclose assessment cycles, periods, scope, methods, and contents for self or peer evaluation of the board of directors and record relevant details.

Evaluation cycle (Note 1)	Evaluation performed once a year
Evaluation duration (Note 2)	January 1, 2019 ~ December 31, 2019
Evaluation scope (Note 3)	<p>The company considering the company's situation and needs has determined the evaluation criteria for the performance of the board of directors which include at least the following five aspects:</p> <ol style="list-style-type: none"> 1. The level of participation in the company's operations 2. Improvement of the decision-making quality of the board of directors 3. Composition and structure of the board of directors 4. Election and continuous education of directors 5. Internal control <p>Board members (for Themselves or Peers) performance evaluation criteria should include at least the following six aspects:</p> <ol style="list-style-type: none"> 1. Mastering the company's goals and tasks 2. Cognition of the responsibilities of the directors 3. The level of participation in the company's operations 4. Internal relationship management and communication 5. Professionalism and continuing education of directors 6. Internal control <p>The evaluation criteria for the performance of the Audit Committee members should include at least the following five aspects:</p> <ol style="list-style-type: none"> 1. The level of participation in the company's operations 2. Improvement of the decision-making quality of the audit committee 3. The composition and structure of the Audit Committee 4. Election and continuous education of Members of the Audit Committee 5. Internal control <p>The evaluation criteria for the performance of the Remuneration Committee members should include at least the following five aspects:</p> <ol style="list-style-type: none"> 1. The level of participation in the company's operations 2. Improvement of the decision-making quality of the Remuneration Committee 3. The composition and structure of the Remuneration Committee 4. Election and continuous education of Members of the Remuneration Committee 5. Internal control
Evaluation Method (Note 4)	The company has a performance evaluation conducted with an internal questionnaire method adopted. The unit responsible for evaluation collects relevant information on the activities of the board of directors and functional committees with the self-evaluation questionnaires distributed and collected, including Appendix I "Questionnaire of Self-Evaluation of Performance of the Board," Appendix II "Questionnaire of Self-Evaluation of Performance of Board Members (for Themselves or Peers)," Appendix III "Questionnaire of Self-Evaluation of Performance of the Audit Committee," and Appendix IV "Questionnaire of Self-Evaluation of Performance of the Remuneration Committee." The unit responsible for evaluation then collects information, gives scores based on the evaluation indexes, and records the evaluation results in a report, which should be submitted to the Audit Committee or Remuneration Committee, and thereafter submitted to the board of directors for discussion and improvement.
Evaluation content (Note 5)	<p>The evaluation result of the 2019 board of directors and functional committee's self-evaluation operation is based on the "Performance Evaluation of the Board of Directors and Functional Committee of Yuanta Futures Co., Ltd." approved by the 22nd Board meeting of the 10th term on November 27, 2019. The relevant evaluation results have been reported in the 10th meeting of the 10th term on January 24, 2020.</p> <p>1. Board of Directors</p> <p>The "Questionnaire of Self-Evaluation of Performance of the Board": It includes five aspects</p>

and 45 evaluation items that are performed by 9 directors (including independent directors).

Statistical results

- (1) The level of participation in the company's operations (12 questions in total): Directors and independent directors gave positive evaluations.
- (2) Improvement of the decision-making quality of the board of directors (12 questions in total): Both directors and independent directors gave positive evaluations.
- (3) Composition and structure of the board of directors (7 questions in total): Both directors and independent directors gave positive evaluations.
- (4) Election and continuous education of directors (7 questions in total): Both directors and independent directors gave positive evaluations.
- (5) Internal control (7 questions in total): Both directors and independent directors gave positive evaluations.

Overall evaluation results Nine directors (including independent directors) gave positive evaluations.

Overall reviews

Director's statement: 1. The board of directors operates well. 2. Effective operation and excellent staff. 3. The board of directors operates well, capable of giving directors a full explanation to their questions, and is able to enhance efficiency and improvement at any time.

2. Board members

"Questionnaire of Self-Evaluation of Performance of Board Members (for Themselves or Peers)": It includes six aspects and 26 evaluation items that are performed by 9 directors (including independent directors).

Statistical results

- (1) Mastering the company's goals and tasks (3 questions in total): Both directors and independent directors gave positive evaluations.
- (2) Cognition of the responsibilities of the directors (6 questions in total): Both directors and independent directors gave positive evaluations.
- (3) The level of participation in the company's operations (8 questions in total): Both directors and independent directors gave positive evaluations.
- (4) Internal relationship management and communication (3 questions in total): Both directors and independent directors gave positive evaluations.
- (5) Professionalism and continuous education of directors (3 questions in total): Both directors and independent directors gave positive evaluations.
- (6) Internal control (3 questions in total): Both directors and independent directors gave positive evaluations.

Overall evaluation results Nine directors (including independent directors) gave positive evaluations.

Overall reviews

Director's statement: 1. The directors understand the company's goals, business policies, and a smooth operation. 2. A gentleman gets along with others, but does not necessarily agree with them.

3. Audit Committee

"Questionnaire of Self-Evaluation of Performance of the Audit Committee": It includes five major aspects and 34 evaluation items that are performed by 3 members.

Statistical results

- (1) The level of participation in the company's operations (9 questions in total): The committee members all gave positive evaluations.
- (2) Cognition of the responsibilities of the audit committee (5 questions in total): The committee members all gave positive evaluations.
- (3) Improvement of the decision-making quality of the audit committee (8 questions in total): The committee members all gave positive evaluations.
- (4) The composition of the audit committee and the election of members (5 questions in total): The committee members all gave positive evaluations.
- (5) Internal control (7 questions in total): The committee members all gave positive evaluations.

Overall evaluation results All three members gave positive evaluations.

Overall reviews

Director's statement: The company is cautious about corporate governance with considerable resources invested and excellent quality resulting.

4. Remuneration Committee

"Questionnaire of Self-Evaluation of the Remuneration Committee": It includes five major aspects and 26 evaluation items that are performed by 3 members.

Statistical results

- (1) The level of participation in the company's operations (5 questions in total): The committee members all gave positive evaluations.

- (2) Cognition of the responsibilities of the Remuneration Committee (7 questions in total): The committee members all gave positive evaluations.
- (3) Improvement of the decision-making quality of the Remuneration Committee (8 questions in total): The committee members all gave positive evaluations.
- (4) The composition of the Remuneration Committee and the election of members (4 questions in total): The committee members all gave positive evaluations.
- (5) Internal control (2 questions in total): The committee members all gave positive evaluations.

Overall evaluation results All three members gave positive evaluations.

Overall reviews

Director's statement: Being cautious of the operation and excellent performance of the staff.

Summary of the annual evaluation results:

The current performance evaluation results show that all directors (including independent directors) gave positive evaluations on the efficiency and operation of the board of directors and functional committees. The board directors and the members of the functional committee have evaluated the performance in the categories of "the level of participation in the company's operations," "cognition of the responsibilities of directors," "decision-making quality," "education, training, and professional development," "management of internal control systems," "evaluation and supervision on compliance with law and codes of practice," and "loyalty and vigilance obligation and responsibility," which are all considered to be working well and fully functioning.

Note 1: Please fill out the execution cycle of the board evaluation, for example: Once a year.

Note 2: Please fill out the board evaluation period, for example: Evaluating the performance of the board of directors in the period from January 1, 2019 to December 31, 2019.

Note 3: The scope of performance assessment covers the board of directors, individual directors and functional committees.

Note 4: The methods of assessment include board internal self-assessment, director self-assessment, peer assessment, external institution assessment, external expert assessment, and other appropriate methods for performance assessment.

Note 5: The contents of evaluation according to the evaluation scope includes at least the following items:

- (1) Performance evaluation of the board of directors: It includes at least "the level of participation in the company's operations," "the board's decision-making quality," "the composition and structure of the board of directors," "the election and continuous study of directors," "internal control," etc.
- (2) Performance evaluation of individual director: It includes at least "mastering the company's goals and tasks," "cognition of the responsibilities of the directors" "the level of participation in the company's operations," "internal relationship management and communication," "professionalism and continuing study of directors," "internal control," etc.
- (3) Performance evaluation of functional committees: It includes "the level of participation in the company's operations," "cognition of the responsibilities of the functional committees," "the decision-making quality of the functional committees," "the composition of the functional committees and the election of members," "internal control," etc.

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

1. In order to establish good corporate governance of the Company and cooperate with the new version of the corporate governance blueprint of the competent authority, assist board directors to perform their duties, and improve the effectiveness of the Board of Directors, the Company's "Standard Operating Procedures for Handling Directors' Requirements" was formulated on June 26, 2019.
2. The Company's "Charter of Audit Committee" was amended on August 21, 2019 in response to the requirements of the competent authority. The focus of the amendment was on the matters related to the "Annual financial report and the second quarter financial report to be signed or sealed by the chairman, managerial officer, and accounting supervisor, then approved by the audit committee, and resolved by the Board of Directors," which were disclosed on the Company's website and Market Observation Post System (MOPS).
3. The Company's "Regulations Governing Performance Evaluation of Board of Directors and Functional Committee" was amended on November 27, 2019 in response to the requirements of the competent authority. The focus of the amendment was on the matters related to "Clearly formulate the time limit for evaluation, execution units, and measurement items," "New external professional institution evaluation requirements," and "Amendment to the coordination with practical operations," which were disclosed on the Company's website and Market Observation Post System (MOPS).
4. The Company commissioned Taiwan Corporate Governance Association to perform the 2019 external board effectiveness evaluation on December 25, 2019 in order to continuously improve and exert board effectiveness, improve corporate governance, and move towards the goal of sustainable business operation.
5. The Company not only arranged self-audit on a regular basis for its directors, the board, and the audit committee to enhance the efficiency and effectiveness of its operation, but also submitted to the audit committee and the board a report on actions taken by personnel of self-audit, legal compliance, and risks management to be consistent with the provisions of the Competent Authority.
6. The Company has appointed designated personnel to disclose relevant information and materiality as required by the competent authority in Chinese and English in MOPS for announcement. In addition, the Company has also disclosed the continuing education of the directors and independent directors, their attendance to Board meetings, Audit Committees, Remuneration Committee, and remunerations in MOPS.

(II) The operation of the Auditing Committee:

The Auditing Committee has convened for 14 times (A) in the most recent year (2019). The attendance of the independent directors is shown below:

Title	Name	Actual attendance (B)	Proxy Attendance	Percentage of actual attendance (%) (B/A) (Note)	Remarks
Independent Director	Cho-Min Yu	14	0	100%	The 10 th Independent Directors and the conveners conveners
Independent Director	Ching-Shan Hung	14	0	100%	The independent director of the 10 th term with 14 meetings to attend resigned on December 30, 2019, and the vacancy will be filled with an election to be held in the latest shareholders meeting.
Independent Director	Nai-Kuan Huang	14	0	100%	The 10 th Independent Director

Other remarks:

I. For the operation of the Audit Committee in any of the following circumstances, please specify the date, term, the contents of the proposals, the resolution of the Audit Committee, and the process of the opinions proposed by the Audit Committee:

(I) On issues stated in Article 14-5 of the Securities and Exchange Act:

1. On January 17, 2019, the 9th meeting of the 10th Audit Committee was duly convened.

◎ Proposal to assess the independency of accountants, specify and explain the reasons for replacement of certified public accountants (CPAs), and appoint CPAs of PwC Taiwan to audit and certify the Company's 2019 financial statements and tax reports according to "Yuanta Futures Co., Ltd. Governance Best Practice Principles".

The resolution reached by the Audit Committee: Approved with the consent of the board directors.

Acts to be taken by the Company in response to the opinions heard in the Audit Committee: The issue was duly resolved by all present directors plenary in the 10th Meeting of the 10th board of directors convened on January 24, 2019.

◎ The relevant transactions of securities issued by interested parties of trading in Proprietary Trading Department or self-regulatory objects.

The resolution reached by the Audit Committee: Approved with the consent of the board directors.

Acts to be taken by the Company in response to the opinions heard in the Audit Committee: the 10th meeting of the 10th board of directors convened on January 24, 2019, the issue was duly resolved by all present directors except those in interested involvement who duly withdrew from the event.

◎ This is regarding the trade of securities and the use of proprietary funds for trading the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject.

Outcome of the decision resolved in the Audit Committee: Except the Committee members in withdrawal from conflict involvement (recusal) in the discussion and voting process, all present Committee members agreed to grant a pass in the issue.

Acts to be taken by the Company in response to the opinions heard in the Audit Committee: the 10th meeting of the 10th board of directors convened on January 24, 2019, the issue was duly resolved by all present directors except those in interested involvement who duly withdrew from the event.

2. On February 27, 2019, the 10th Meeting of the 10th Audit Committee was duly convened.

◎ The Company's 2018 "Declaration of Internal Control Policies".

◎ The Company's 2018 "Anti-Money Laundering and the Combating the Financing of Terrorism & Declaration of Internal Control Policies".

◎ It is for the matter related to issuing the Company's 2018 "Information Security Overall Implementation Statement."

◎ Amendment of the revision of the "Internal Control System" and the "Enforcement Rules of Internal Audit" of the Company.

The resolution reached by the Audit Committee: Approved with the consent of the board directors.

Acts to be taken by the Company in response to the opinions heard in the Audit Committee: The issue was duly resolved by all present directors plenary in the 11th Meeting of the 10th board of directors convened on March 6, 2019.

3. On March 19, 2019, the 11th Meeting of the 10th Audit Committee was duly convened.

◎ The Company's consolidated individual and financial statements for the year 2018.

◎ The Company's earnings distribution in 2018.

The resolution reached by the Audit Committee: Approved with the consent of the board directors.

Acts to be taken by the Company in response to the opinions heard in the Audit Committee: The issue was duly resolved by all present directors plenary in the 12th Meeting of the 10th board of directors convened on March 21, 2019.

◎ Partial amendments to the "Regulations Governing the Acquisition or Disposal of Assets Regulations Governing the Acquisition or Disposal of Assets".

◎ The donation to Polaris Economic Research Center.

The resolution reached by the Audit Committee: Approved with the consent of the board directors.

Acts to be taken by the Company in response to the opinions heard in the Audit Committee: The issue was duly

resolved by all present directors plenary in the 13th Meeting of the 10th board of directors convened on March 26, 2019.

◎ A donation to interested party Yuanta Cultural & Educational Foundation

◎ The relevant transactions of securities issued by interested parties of trading in Proprietary Trading Department or self-regulatory objects.

The resolution reached by the Audit Committee: Approved with the consent of the board directors.

Acts to be taken by the Company in response to the opinions heard in the Audit Committee: the 13th meeting of the 10th board of directors convened on March 26, 2019, the issue was duly resolved by all present directors except those in interested involvement who duly withdrew from the event.

◎ This is regarding the trade of securities and the use of proprietary funds for trading the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject.

Outcome of the decision resolved in the Audit Committee: Except the Committee members in withdrawal from conflict involvement (recusal) in the discussion and voting process, all present Committee members agreed to grant a pass in the issue.

Acts to be taken by the Company in response to the opinions heard in the Audit Committee: the 13th meeting of the 10th board of directors convened on March 26, 2019, the issue was duly resolved by all present directors except those in interested involvement who duly withdrew from the event.

4. On April 8, 2019, the 12th Meeting of the 10th Audit Committee was duly convened.

◎ Proposal for lifting competition restrictions on the Company's directors

Outcome of the decision resolved in the Audit Committee: Except the Committee members in withdrawal from conflict involvement (recusal) in the discussion and voting process, all present Committee members agreed to grant a pass in the issue.

Acts to be taken by the Company in response to the opinions heard in the Audit Committee: the 14th meeting of the 10th board of directors convened on April 8, 2019, the issue was duly resolved by all present directors except those in interested involvement who duly withdrew from the event.

5. On May 22, 2019, the 15th Meeting of the 10th Audit Committee was duly convened.

◎ This is regarding the trade of securities and the use of proprietary funds for trading the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject.

Outcome of the decision resolved in the Audit Committee: Except the Committee members in withdrawal from conflict involvement (recusal) in the discussion and voting process, all present Committee members agreed to grant a pass in the issue.

Acts to be taken by the Company in response to the opinions heard in the Audit Committee: the 16th meeting of the 10th board of directors convened on May 27, 2019, the issue was duly resolved by all present directors except those in interested involvement who duly withdrew from the event.

6. On June 20, 2019, the 16th Meeting of the 10th Audit Committee was duly convened.

◎ Amendment of the revision of the "Internal Control System" and the "Enforcement Rules of Internal Audit" of the Company.

The resolution reached by the Audit Committee: Approved with the consent of the board directors.

Acts to be taken by the Company in response to the opinions heard in the Audit Committee: The issue was duly resolved by all present directors plenary in the 17th Meeting of the 10th board of directors convened on June 26, 2019.

7. On July 18, 2019, the 17th Meeting of the 10th Audit Committee was duly convened.

◎ Amendment of the revision of the "Internal Control System" and the "Enforcement Rules of Internal Audit" of the Company.

The resolution reached by the Audit Committee: Approved with the consent of the board directors.

Acts to be taken by the Company in response to the opinions heard in the Audit Committee: The issue was duly resolved by all present directors plenary in the 18th Meeting of the 10th board of directors convened on July 24, 2019.

◎ This is regarding the trade of securities and the use of proprietary funds for trading the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject.

Outcome of the decision resolved in the Audit Committee: Except the Committee members in withdrawal from conflict involvement (recusal) in the discussion and voting process, all present Committee members agreed to grant a pass in the issue.

Acts to be taken by the Company in response to the opinions heard in the Audit Committee: the 18th meeting of the 10th board of directors convened on July 24, 2019, the issue was duly resolved by all present directors except those in interested involvement who duly withdrew from the event.

8. On August 15, 2019, the 18th Meeting of the 10th Audit Committee was duly convened.

◎ The Company's consolidated individual and financial statements for the first half of the year 2019.

The resolution reached by the Audit Committee: Approved with the consent of the board directors.

Acts to be taken by the Company in response to the opinions heard in the Audit Committee: The issue was duly resolved by all present directors plenary in the 19th Meeting of the 10th board of directors convened on August 21, 2019.

9. On September 19, 2019, the 19th Meeting of the 10th Audit Committee was duly convened.

◎ It is for the liquidation operation of Sheng Yuan Futures (Samoa) Co., Limited, the invested.

The resolution reached by the Audit Committee: Approved with the consent of the board directors.

Acts to be taken by the Company in response to the opinions heard in the Audit Committee: the 20th meeting of the 10th board of directors convened on September 25, 2019, the issue was duly resolved by all present directors except those in interested involvement who duly withdrew from the event.

◎ This is regarding the trade of securities and the use of proprietary funds for trading the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject.

Outcome of the decision resolved in the Audit Committee: Except the Committee members in withdrawal from conflict involvement (recusal) in the discussion and voting process, all present Committee members agreed to

grant a pass in the issue.

Acts to be taken by the Company in response to the opinions heard in the Audit Committee: the 20th meeting of the 10th board of directors convened on September 25, 2019, the issue was duly resolved by all present directors except those in interested involvement who duly withdrew from the event.

10. On November 21, 2019, the 21st Meeting of the 10th Audit Committee was duly convened.

◎ The Company’s plan for cash capital increase with new stock shares issued.

The resolution reached by the Audit Committee: Approved with the consent of the board directors.

Acts to be taken by the Company in response to the opinions heard in the Audit Committee: The issue was duly resolved by all present directors plenary in the 22nd Meeting of the 10th board of directors convened on November 27, 2019.

◎ A donation to interested party Yuanta Cultural & Educational Foundation

The resolution reached by the Audit Committee: Approved with the consent of the board directors.

Acts to be taken by the Company in response to the opinions heard in the Audit Committee: the 22nd meeting of the 10th board of directors convened on November 27, 2019, the issue was duly resolved by all present directors except those in interested involvement who duly withdrew from the event.

◎ This is regarding the trade of securities and the use of proprietary funds for trading the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject.

Outcome of the decision resolved in the Audit Committee: Except the Committee members in withdrawal from conflict involvement (recusal) in the discussion and voting process, all present Committee members agreed to grant a pass in the issue.

Acts to be taken by the Company in response to the opinions heard in the Audit Committee: the 22nd meeting of the 10th board of directors convened on November 27, 2019, the issue was duly resolved by all present directors except those in interested involvement who duly withdrew from the event.

11. On December 19, 2019, the 22nd Meeting of the 10th Audit Committee was duly convened.

◎ Issues for audit plans in 2020.

The resolution reached by the Audit Committee: Approved with the consent of the board directors.

Acts to be taken by the Company in response to the opinions heard in the Audit Committee: the 23rd meeting of the 10th board of directors convened on December 25, 2019, the issue was duly resolved by all present directors except those in interested involvement who duly withdrew from the event.

12. On January 14, 2020, the 23rd Meeting of the 10th Audit Committee was duly convened.

◎ Proposal to assess the independency of accountants, specify and explain the reasons for replacement of certified public accountants (CPAs), and certify the Company’s 2020 financial statements and tax reports according to “Yuanta Futures Co., Ltd. Governance Best Practice Principles”.

The resolution reached by the Audit Committee: Approved with the consent of the board directors.

Acts to be taken by the Company in response to the opinions heard in the Audit Committee: The issue was duly resolved by all present directors plenary in the 24th Meeting of the 12th board of directors convened on January 16, 2020.

◎ This is regarding the trade of securities and the use of proprietary funds for trading the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject.

The resolution reached by the Audit Committee: Approved with the consent of the board directors.

Acts to be taken by the Company in response to the opinions heard in the Audit Committee: the 24th meeting of the 10th board of directors convened on January 16, 2020, the issue was duly resolved by all present directors except those in interested involvement who duly withdrew from the event.

(II) Except for the aforementioned matters, the other matters that are not resolved by the Audit Committee must be resolved with the consent of more than two thirds of the board directors:

1. On April 24, 2019, the 13th Meeting of the 10th Audit Committee was duly convened.

◎ Cooperate with the related parties, five companies, including Yuanta Securities Co., Ltd., to handle the matters related to the “Urban Renewal Plan” of the self-owned property, Datong Building.

Resolutions made by the Audit Committee: All members directly referred the proposal to BOD for approval to avoid conflicts of interest.

Acts to be taken by the Company in response to the opinions heard in the Audit Committee: the 15th meeting of the 10th board of directors convened on May 2, 2019, the issue was duly resolved by all present directors except those in interested involvement who duly withdrew from the event.

II. With respect to the avoidance of conflicting interest agendas, describe the names of independent directors, details of the relevant agendas, reasons for avoiding conflicting interest, and the voting decisions.

Auditing Committee dates	Name of Committee	Agenda	Reasons for avoiding conflicting interests	Voting decision
January 17, 2019	Independent Director, Ching-Shan Hung; Independent Director, Nai-Kuan Huang	This is regarding the trade of securities and the use of proprietary funds for trading the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject.	Independent Director, Ching-Shan Hung; Independent Director, Nai-Kuan Huang were also in charge of the Independent Director of the related company in the case, Yuanta Securities Co., Ltd.	Independent Director, Ching-Shan Hung; Independent Director, Nai-Kuan Huang are stakeholders, and were excused from participating in the discussions and voting. The remaining attending directors had the proposal approved and presented to the board of directors for a resolution.

March 19, 2019	Independent Director, Ching-Shan Hung; Independent Director, Nai-Kuan Huang	This is regarding the trade of securities and the use of proprietary funds for trading the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject.	Independent Director, Ching-Shan Hung; Independent Director, Nai-Kuan Huang were also in charge of the Independent Director of the related company in the case, Yuanta Securities Co., Ltd.	Independent Director, Ching-Shan Hung; Independent Director, Nai-Kuan Huang are stakeholders, and were excused from participating in the discussions and voting. The remaining attending directors had the proposal approved and presented to the board of directors for a resolution.
April 8, 2019	Independent Director, Ching-Shan Hung; Independent Director, Nai-Kuan Huang	Proposal for lifting competition restrictions on the Company's directors	Independent Director, Ching-Shan Hung; Independent Director, Nai-Kuan Huang were also in charge of the Independent Director of the related company in the case, Yuanta Securities Co., Ltd.	Independent Director, Ching-Shan Hung; Independent Director, Nai-Kuan Huang are stakeholders, and were excused from participating in the discussions and voting. The remaining attending directors had the proposal approved and presented to the board of directors for a resolution.
April 24, 2019	Independent Director, Chwo-Ming Yu; Independent Director, Ching-Shan Hung; Independent Director, Nai-Kuan Huang	Cooperate with the related parties, five companies, including Yuanta Securities Co., Ltd., to handle the matters related to the "Urban Renewal Plan" of the self-owned property, Datong Building.	Independent Director, Chwo-Ming Yu; Independent Director, Ching-Shan Hung were also in charge of the Independent Director of the related company in the case, Yuanta Commercial Bank Co., Ltd.; Independent Director, Ching-Shan Hung; Independent Director, Nai-Kuan Huang were also in charge of the Independent Director of the related company in the case, Yuanta Securities Co., Ltd.	Independent Director, Chwo-Ming Yu; Independent Director, Ching-Shan Hung; Independent Director, Nai-Kuan Huang are stakeholders, and were excused from the discussion and votes to avoid the conflict of interest, then presented in the board meeting for resolutions.
May 22, 2019	Independent Director, Ching-Shan Hung; Independent Director, Nai-Kuan Huang	This is regarding the trade of securities and the use of proprietary funds for trading the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject.	Independent Director, Ching-Shan Hung; Independent Director, Nai-Kuan Huang were also in charge of the Independent Director of the related company in the case, Yuanta Securities Co., Ltd.	Independent Director, Ching-Shan Hung; Independent Director, Nai-Kuan Huang are stakeholders, and were excused from participating in the discussions and voting. The remaining attending directors had the proposal approved and presented to the board of directors for a resolution.
July 18, 2019	Independent Director, Ching-Shan Hung; Independent Director, Nai-Kuan Huang	This is regarding the trade of securities and the use of proprietary funds for trading the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject.	Independent Director, Ching-Shan Hung; Independent Director, Nai-Kuan Huang were also in charge of the Independent Director of the related company in the case, Yuanta Securities Co., Ltd.	Independent Director, Ching-Shan Hung; Independent Director, Nai-Kuan Huang are stakeholders, and were excused from participating in the discussions and voting. The remaining attending directors had the proposal approved and presented to the board of directors for a resolution.
September 19, 2019	Independent Director, Ching-Shan Hung; Independent Director, Nai-Kuan Huang	This is regarding the trade of securities and the use of proprietary funds for trading the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject.	Independent Director, Ching-Shan Hung; Independent Director, Nai-Kuan Huang were also in charge of the Independent Director of the related company in the case, Yuanta Securities Co., Ltd.	Independent Director, Ching-Shan Hung; Independent Director, Nai-Kuan Huang are stakeholders, and were excused from participating in the discussions and voting. The remaining attending directors had the proposal approved and presented to the board of directors for a resolution.
November 21, 2019	Independent Director, Ching-Shan Hung; Independent Director, Nai-Kuan Huang	This is regarding the trade of securities and the use of proprietary funds for trading the securities issued	Independent Director, Ching-Shan Hung; Independent Director, Nai-Kuan Huang were also in	Independent Director, Ching-Shan Hung; Independent Director, Nai-Kuan Huang are

		by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject.	charge of the Independent Director of the related company in the case, Yuanta Securities Co., Ltd.	stakeholders, and were excused from participating in the discussions and voting. The remaining attending directors had the proposal approved and presented to the board of directors for a resolution.
<p>III. Performance of communications by and between independent directors, internal audit head and Certified Public Accountant(s) (should include the Company's financial, business operation affairs, issued, methods and outcomes of communications among them).</p> <p>1. The Company has duly enacted the "Regulations Governing Communications by and between Audit Committee and Certifying Certified Public Accountants" and "Regulations Governing Communications by and between Audit Committee and Audit Department." Here at the Company, the Audit Committee, internal audit head and certifying Certified Public Accountants have maintained sound communications exactly in accordance with the aforementioned regulations in their very sound performance. Besides, at end of every year, the Audit Committee conducts an evaluation of the overall performance by the internal audit head and Certified Public Accountants and submits the evaluation outcome to the Audit Committee and the board of directors.</p> <p>2. The Company discloses the facts, outcomes and such messages regarding methods of communication by and between the independent directors and the Certified Public Accountants through the Company's official website in the special zone of "About Us > Functional committee" under the "The communication among the independent directors and the chief internal auditor and the certified public accounts" (Website: https://www.yuantafutures.com.tw/corporategovernance_12).</p> <p>IV. Annual work targets of the Audit Committee: Formed with independent directors, the Audit Committee aims to supervise the quality and integrity of the Company's finance and accounting, audits, and risk management. At the end of each year, it plans and schedules proposals to be discussed in the next year in order to strengthen committee operations. The annual work targets of the Audit Committee include: Establish or revise the internal control system; audit the effectiveness of the internal control system; establish or revise the processes for handling important financial business behaviors, including the acquisition or disposal of assets and engagement in derivatives transactions; matters involved with the personal interest of directors; transactions of important assets or derivatives; important capital lending projects; appointments, dismissals, or remuneration of CPAs; the appointments and dismissals of financial and accounting or intern audit chiefs; and annual and biannual financial statements.</p>				

Note:

- * The date of resignation must be specified for Independent Directors who had resigned prior to the close of the financial year. The percentage of actual attendance (%) should be calculated based on the number of Audit Committee meeting held during active duty and the number of actual attendance.
- * If a re-election of Independent Directors had taken place prior to the close of the financial year, then Independent Directors of both the previous and the current term must be listed; the remarks column must address the re-election date and whether the Independent Director was elected in the previous term, the new term, or both. The actual attendance rate to Audit Committee meetings (%) basing on the actual attendance to Audit Committee meetings during his or her term of office in proportion to the total number of Audit Committee meetings held in the same period.

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

Assessment items	Actual governance		Summary description	Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No		
1. Will the Company based on the “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies” set up and disclose the Company’s corporate governance best-practice principles?	V		<p>(1) The Company has created its corporate governance principles based on the “Corporate Governance Principles for TSE/GTSM Listed Companies” and the “Corporate Governance Best-Practice Principles for Futures Commission Merchants”, and shall be implemented once approved by the board of directors.</p> <p>(2) Additionally, the Company formulated the relevant chapter of corporate governance as required by regulations and implemented following the Company’s system. Other operations are also in compliance with relevant laws and regulations.</p> <p>(3) Under our governance framework, BOD is the core of governance. As the highest governance body, BOD puts the interest of the Company and shareholders first and makes strategic instructions for organizational operations and supervises the operational performance of the management. Under BOD, there are functional committees and departments including the Audit Committee, Remuneration Committee, Ethnical Management Committee, Audit Department, Risk Management Department, and the BOD Secretary’s Office which assist BOD in supervising the Company with due care and due diligence. The president of this Company leads the Compliance Department and the management team to effectively implement the Company’s governance and operations activities to maximize interest for shareholders.</p>	There is no difference detected.
2. Shareholding structure and shareholders’ equity (1) Will the Company have the internal procedures regulated to handle shareholders’ proposals, doubts, disputes, and litigation matters; also, have the procedures implemented accordingly? (2) Will the Company possess the list of the Company’s major shareholders and the list of the ultimate	V	V	<p>(1) 1. In the Company’s official website in the special zone of “About Us > Investors ” the Company has set up a "Contact Window with Investors (or Shareholders)" where we have adequately disclosed the method of communications. A shareholder is encouraged to voice his or her opinions by phone, in person, by mail, by FAX, e-mail or other channels. In response to the opinions voiced by shareholders, their questions, disputes or litigation, the Company duly manages in a prudential manner through our shareholder services agent. The clerk in the unit accepting shareholders' opinions duly judges the contents of opinions and, in turn, the agent, investor relation contact person, spokesman and competent unit will prudentially reply and take countermeasures as necessary.</p> <p>2. The Company intends to have the matters that have come through the Customer Service Mailbox handled in accordance with the “Act for Settlement of Customer Disputes.”</p> <p>(2) The Company has set up a designated body for tracking the list of the dominant shareholders and the final shareholders of the dominant shareholders. In addition, the Company also apply with the Central Depository of Securities for the list of shareholders basing on the result after transactions have been made, and the declaration with the status of share transfer by the insiders of the Company in each month in order to keep track on the holding of shares by the shareholders.</p>	There is no difference detected.

<p>controllers of the major shareholders?</p> <p>(3) Will the Company establish and implement the risk control and firewall mechanisms with the related parties?</p> <p>(4) Will the Company set up internal norms to prohibit insiders from utilizing the undisclosed information to trade securities?</p>	<p>V</p> <p>V</p>	<p>(3) 1. The Company and the subsidiaries are independent of one another in financial and business transactions.</p> <p>2. To strengthen the financial business among the affiliated enterprises and to prevent Non-arm's Length Transaction or conveyance of unjust interests among transactions between affiliated enterprises, acquiring or disposal of assets, and Lending of Capital. Therefore, to formulate the "Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises", "Rules Governing Transactions with Interest Parties" and "Rules Governing General Authorization for transactions Other Than Credit Extension with Interested Parties Mentioned in Article 45 of Financial Holding Company Act" in accordance with the Company's "Corporate Governance Best-Practice Principles" for full implementation of risk management policies and firewalls.</p> <p>3. The Company has established a Risk Management Department which shall be responsible for the overall risk management, control, supervision, and enforcement.</p> <p>(4) The Company has the "Procedures for Handling Material Insider Information" regulated to prohibit insiders from utilizing the undisclosed information to trade securities.</p>	
<p>3. The constitution and obligations of the board of directors</p> <p>(1) Will the Board of Directors have diversified policies regulated and implemented substantively according to the composition of the members?</p>	<p>V</p>	<p>(1) 1. The Company intends to have matters handled in accordance with the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" and Company's Article 20 Section 3 of "Corporate Governance Best-Practice Principles". The composition of board members should be diversified. Appropriate and diversified policies should be drafted for the business operations, business patterns and development needs, of which, the diversification should include but not be limited to the standards with the following two aspects: Basic conditions and values (including gender, age, nationality, and culture) and professional knowledge and skills (including professional background of law, accounting, industry, finance, marketing or technology), professional skills and industry experience.</p> <p>2. There are nine directors in the Company's Board of Directors currently with two independent directors and six directors, of which, female directors account for 38%, and directors with employee status account for 13%; in addition, all six directors engage in business management, leadership and decision-making with extensive industry experience in the field of banking, securities, and insurance. The other two independent directors have professional knowledge and background in corporate management and information engineering.</p> <p>3. The Directors (including independent directors) elections of the Company are held in accordance with a nomination system. Shareholders who have over 1% shareholdings and the board of directors may propose the list of nominees for directors for the review of the board of directors and with the qualified candidates presented in the shareholders' meeting to be elected by the shareholders.</p> <p>4. The information in relation to the BOD diversification policy is disclosed in the "BOD Diversification Updates" column in the "About Us BOD" section of our corporate website. (website at:</p>	<p>There is no difference detected.</p>

<p>(2) Will the Company, in addition to setting the Remuneration Committee and Audit Committee lawfully, have other functional committee set up voluntarily?</p> <p>(3) Has the Company formulated “The Procedures for the Company’s Board Performance Evaluation” and evaluation method, conducted a performance evaluation annually and regularly, reported the results of the performance evaluation to the Board of Directors, and applied it for reference in determining individual director’s remuneration and nomination for renewal?</p>	<p>V</p> <p>V</p>	<p>http://www.yuantafutures.com.tw/website/directors_04).</p> <p>(2) BOD approved the establishment of the Remuneration Committee on November 24, 2011 and the Audit Committee on May 23, 2012 to replace supervisors. Both committees were formed with the three independent directors and are well operated. In addition to attending the routine meetings, the Company’s independent directors often work with the management and department heads to study corporate governance, understand the Company’s relevant financial, accounting, regulatory compliance, audit, and risk management operations in good faith with proper care, and fulfill duties; therefore, currently there is no need to set up other functional committees.</p> <p>(3) 1. We have established the “Regulations for Assessment of the Performance of the Board of Directors and Functional Committee” for BOD and functional committees to perform self-assessment every year. On January 24, 2017 we added provisions to the Regulations to perform external performance assessment of BOD and functional committees triennially by external independent organizations or external experts and scholars. These external roles will submit the assessment results and improvement plans to BOD and functional committees for reporting.</p> <p>2. According to Article 3, Paragraph 2 of the Company’s “Regulations Governing Performance Evaluation of Board of Directors and Functional Committee,” the Company commissioned Taiwan Corporate Governance Association to perform the 2019 external board effectiveness evaluation in December 2019. Taiwan Corporate Governance Association assigned assessment experts to evaluate the effectiveness of the Board of Directors with questionnaires and field visits, including the contents of eight major aspects divided into thirty-eight subjects, such as, the composition of the Board of Directors, the guidance of the Board of Directors, the authorization of the Board of Directors, the supervision of the Board of Directors, the communication of the Board of Directors, internal control and risk management, the self-discipline of the Board of Directors, the board meeting, support system, etc. Taiwan Corporate Governance Association and the said assessment experts have no business relationship with the Company and have independence; also, an evaluation report was issued to the Company on January 15, 2020. The Company reported the evaluation results to the Board of Directors on February 6, 2020. The evaluation results will be used as a reference for continuous improvement of the functions of the Board of Directors. A summary of the general comments and recommendations of Taiwan Corporate Governance Association is as follows:</p> <p>(1) Overall condition: The Board of the Company highly values corporate governance. The Company has been ranked among the top 5% TPEX listed companies in corporate governance evaluation. The members of the Board are from a wide array of professional backgrounds. The Board and the functional committees have established a set of viable rules and regulations. The Board also assesses the competence of the internal audit and can fully control the audit operation and the evaluation and upgrade of performance. The Board pays close attention to the prospect of the Company and engages in the operation of the Board and the functional committees with active participation in Company affairs.</p> <p>(2) Recommendation: Report to the Board on the training and development of senior managers and pursuit of the career plans. The e-mail for reporting from whistle blowers at the official website of the Company is synchronized with the Auditing Committee, which can directly receive the mail for supervising the response to the complaints. Incident of materiality will be reported to all members of the Board. The mechanism for lecturing newly elected Directors is provided to assist them to understand the activities of the Company and the industry better and earlier.</p>	
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<p>(4) Will the Company have the independence of the public accountant evaluated regularly?</p>	<p>V</p>	<p>3. The information pertinent to the aforementioned evaluation result and the regulations governing the evaluation of Board performance, the self-assessment of the Board (functional committees) and the members (self-assessment and peer assessment) and the result, will be disclosed in the section of “Corporate Social Governance” under the subject title of “the Board” and “Corporate Governance” on the official website of the Company. website at: https://www.yuantafutures.com.tw/directors_05)</p> <p>(4) 1. Auditors' independence is subject to review on a yearly basis. Apart from the contracted audit services, The Company has no other relationships with its auditors.</p> <p>2. In addition, every year we report to the meeting of shareholders to make resolutions. The last assessment results regarding the “Statement of Independency” issued by CPAs and CPA firms and their appointments were reported to the Audit Committee on January 14, 2020 and board meeting on January 16, 2020 for review and approval.</p> <p>3. According to Article 30 of the Company’s “Corporate Governance Best-Practice Principles” and Article 4 of the “Rules Governing Communication Between the Audit Committee and CPAs,” the Audit Committee is to have the independence of the CPAs assessed at least once a year in accordance with the following assessment methods: (1) to obtain and review the formal written report of the CPAs and to describe its relation with the Company and the internal quality control procedures of the CPAs; (2) whether the CPAs own the Company’s stock shares; (3) review the relation between the CPAs and the Company’s executives at the end of each year; (4) if the contracted CPAs have not been replaced for seven consecutive years or the contracted CPAs had received a disciplinary act or with its independence jeopardized, it is necessary to consider whether the CPAS should be replaced.</p> <p>4. CPA independency assessment includes the following key indicators: CPA firm rating, quality control process, CPAs and audit teams, scope of audit, audit fee, communication and independency of audit.</p>	
<p>4. Has the Company appointed an appropriate number of competent personnel, and appointed a designated Corporate Governance Officer charged with the duties of corporate governance? (Including but not limiting to providing the materials to the Directors and Supervisors required for performing their duties, assistance to the Directors and Supervisors in matters of compliance, organization of Board Meetings and Shareholders Meetings and related matters as</p>	<p>V</p>	<p>(1) In response to the “the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”, BOD passed the resolution to establish the “BOD Secretary’s Office”, a discrete governance unit, at the board meeting on October 31, 2018. BOD also appointed Executive VP Chun-Chieh Wang to be the governance officer. Executive VP Chun-Chieh Wang is qualified for the governance officer for his rich experience in securities and futures business at home and abroad, and over 12 years of experience as a financial executive of public companies. The “BOD Secretary’s Office” is qualified and appropriate aims to provide directors and Audit Committee members with the data required for business implementation, to assist Director and Independent Director with compliance. It also handles affairs in relation to company registration, the Audit Committee, BOD, and the meeting of shareholders, as well as affairs in relation to governance.</p> <p>(2) The 2019 performance of the “BOD Secretary’s Office” is as follows:</p> <p>1. Provision of data required for business implementation for directors and Audit Committee members to assist with compliance: Periodically provided information regarding and undertaken insider stake changes and insider trading laws and regulations; periodically gathered and delivered information regarding cases punished by competent authorities and various government policies and decrees; assisted with the collection of information regarding professional training and provided them for directors and Audit Committee members; and arranged related courses for them, in order to help directors and Audit Committee members to achieve compliance through appropriate internal and external education and training activities.</p> <p>2. Handling matters in relation to Audit Committee meetings, board meetings, and the meeting of shareholders: Periodic reporting of governance status to the Audit Committee and BOD and confirmation of the compliance of meeting agenda with related laws and regulations and the corporate governance practices; convening</p>	<p>There is no difference detected.</p>

required by law, compiling minutes of Board Meetings and Shareholders Meetings)?

meetings and provision of meeting data; delivery of meeting agenda and notices seven days in advance; advance reminder for proposals requiring avoidance of the interest of conflict; completion and delivery of the minutes of meetings within 20 days after a meeting; arrangement of participation internal audit for Audit Committee members; risk control and individual interviews of CPAs to enhance the operating efficiency of the Audit Committee; provision of laws and regulations required for compliance during business implementation or making official resolutions for directors; announcement of material information in the important resolutions made in board meetings; confirmation of the legitimacy and accuracy of material information to ensure the symmetry of transaction information of investors; handling advance registration of the date of the meeting of shareholders, and production of meeting notices, meeting handbooks, and meeting minutes; and handling the change registration of amendments to the articles of incorporation or BOD re-election.

3. Regular and irregular information disclosures on the Market Observation Post System.

(3) The Company has “voluntarily established” the position of Corporate Governance Officer on November 1, 2018 and has arranged courses in corporate governance including business, legal affairs, finance, accounting, corporate social responsibility, risk management, and internal control in 2019. Received 21 hours of training in continuing education from January 1, 2019 to December 31, 2019

Title	Name	Training date		Organizer	Course name	Training hours
		Start	End			
Corporate Governance Officer	Chun-Chieh Wang	2019/03/13	2019/03/13	Securities and Futures Development Foundation	Directors and Supervisors (including Independent) and Corporate Governance Officer Practical Work Advanced Seminar - a Study on the Issues of Human Resources and Mergers and Acquisitions in the Course of Corporate Governance Mergers and Acquisitions	3
		2019/03/13	2019/03/13	Securities and Futures Development Foundation	Directors and Supervisors (including Independent) and Corporate Governance Officer Practical Work Advanced Seminar - Corporate	3

						Strategy and KPI		
				2019/05/14	2019/05/14	Securities and Futures Development Foundation	Directors and Supervisors (including Independent) and Corporate Governance Officer Practical Work Advanced Seminar - Enterprises and Information Security Governance\emdash focus on legal practices	3
				2019/05/16	2019/05/16	Securities and Futures Development Foundation	Directors and Supervisors (including Independent) and Corporate Governance Officer Practical Work Advanced Seminar - Interpretation of Corporate Financial Information and Application to Decision-Making	3
				2019/05/24	2019/05/24	Taiwan Securities Association	Financial Sector Sustainability Strategy and the Inclusion of Yuanta Financial Holding into DJSI	3
				2019/07/11	2019/07/11	Taiwan Securities Association	Anti-Money Laundering Rules and Regulations and the Latest Development	3
				2019/10/03	2019/10/03	Taiwan Securities	The introduction and	3

					Association	response to the Financial Consumers Protection Act (fair treatment to customers)			
								(4) Information pertinent to the Corporate Governance Officer of the Company for disclosure in the section of "Corporate Governance" under the heading of "corporate governance personnel" on the official website of the Company. Website at: https://www.yuantafutures.com.tw/corporategovernance_09	
5. Has the Company established a communication channel with the stakeholders (including but not limited to the shareholders, employees, customers, and suppliers), set up a stakeholder section on the Company's website, and responded appropriately to the important corporate social responsibilities concerned by the stakeholders?	V							(1) The Company assures that it will provide adequate information to customers, correspondent banks, suppliers, employees, shareholders and such interested parties. Further through the Company's website, the Company has set up a "special zone for interested parties" (website at: http://www.yuantafutures.com.tw/website/investors_01). Through such efforts, the Company takes charge of and responds the key issues concerned to the interested parties. Starting from 2015, the Company has worked out Corporate Social Responsibility (CSR) reports onto the Company's website and Market Observation Post System (MOPS), readily accessible to interested parties. (2) The Company has Spokesperson and Deputy Spokesperson to establish communication with its stakeholders. In addition, The Company's Manager, Finance and Accounting Department, Customer Service / Trading Department etc may also contact stakeholders to address specific issues. All legal disputes are handled by the Compliance Department. (3) We have established the "Regulations for Implementation of the Whistleblowing System" to develop an integral and transparent corporate culture, promote ethical management, and encourage the report of illegal acts or events within the Company. We have also established the suggestion and grievance email at auditcomm.brk@yuanta.com ; the reporting hotline (02-5580-5230), toll-free customer service helpline on 0800-333-338; and the customer service email futures@yuanta.com for reporting. (4) We have established the "Directions for Supplier Management" to effectively manage the suppliers of the Company and investees, improve procurement quality, and advocate CSR together with suppliers. We have also disclosed these Directions on the corporate website.	There is no difference detected.
6. Has the Company commissioned a professional stock service agent to handle shareholders affairs?	V							The Company has appointed Yuanta Securities Co., Ltd., a professional stock service agent, to handle shareholders affairs.	There is no difference detected.
7. Disclosure of information (1) Does the Company have a website setup and the financial business and corporate governance information disclosed? (2) Has the Company	V V							(1) The "About Us" Zone of the Company's official website contains the information on financial position and operation, information on General Meeting in English, institutional investors conferences, and the information on corporate governance. Please visit http://www.yuantafutures.com.tw/website/ (2) 1. We have set up an English website at http://www.yuantafutures.com.tw/website/EN .	There is no difference detected.

<p>adopted other information disclosure methods (such as, establishing an English website, designating a responsible person for collecting and disclosing information of the Company, substantiating the spokesman system, placing the juristic person seminar program on the Company's website, etc.)?</p> <p>(3) Has the Company announced and declared its financial report within 2 months after the end of the fiscal year, and announced and declared the quarterly financial report of Q1, Q2, and Q3 and the monthly business report before the deadline?</p>	<p>V</p>	<p>2. The Company and the subsidiaries have also disclosed all relevant information onto the Market Observation Post System as required by the competent authority. These two tasks are being handled by dedicated personnel.</p> <p>3. The Company has established the spokesman and acting spokesman system as required. Inquiry can be made by visiting the "About Us > Investors" Zone of the official website or at MOPS of TWSE.</p> <p>(3) The Company has announced and declared the quarterly reports of each quarter in 2019, the annual financial report, and the monthly business reports by designated deadlines as required by law. The financial reports of Q1, Q2 and Q3 of 2019 and the annual financial report of 2019 have been announced and reported on May 13, 2019, August 28 2019, November 12, 2019, and March 23, 2020.</p>	
<p>8. Are there any other important information (including but not limited to the interests of employees, employee care, investor relations, supplier relations, the rights of stakeholders, the advanced study of directors and supervisors, the</p>	<p>V</p>	<p>(1) Employees' rights and care to employees:</p> <p>1. (1) The Company has stipulated the "Work Rules" (including work discipline, employment relations, salaries, working hours, break, holidays, leave, promotion and rotation, performance evaluation, incentive and punishment, retirement, occupational hazard, injury, and compensation and pensions, welfare, health and safety, and employee communication and cooperation) to discipline employee behavior. The "Code of Ethical Conduct" refers to ethical conduct standards, team spirit and integrity, equal job opportunity and prohibiting discrimination, health and safety of the working environment, respect for privacy and prohibiting the spread of rumors, the obligation of confidentiality, the proper production and preservation of paperwork, properly protecting the Company's assets, prohibiting insider trading, prohibiting any illegal gains by taking advantage of the job position, prohibiting conflicts of interest, preventing conflict of interest, fair trade and treatment, gifts, prohibiting bribery or illegal gains, obligation of reporting</p>	<p>There is no difference detected.</p>

<p>implementation of risk management policies and risk measurement standards, the execution of customer policy, the purchase of liability insurance for the Company's directors and supervisors) that are helpful in understanding the corporate governance operation of the Company?</p>		<p>transaction authenticity, respect for the intellectual property rights of others, prohibition of engaging in any political activities, prohibition of influencing others to participate in any political activities, compliance of law and regulations, obligation of reporting any illegal acts, punishment and remedy procedures, exemptions from complying with the procedures, disclosure, and implementation. In addition, there are more disciplinary rules stipulated, such as, "Guidelines for Sexual Harassment Prevention, Grievance, and Discipline at Work Place" and "Employee Grievance" detailing various grievance channels and operating procedures to encourage and protect the informers who report any illegal and unethical act. Except for the "Code of Ethical Conduct" is placed on the Company's internal and external website, the others are placed on the Company's internal Website to be actually implemented for protecting the interests of employees.</p> <p>(2) In order to implement proper practices in handling material insider information, and maintaining secrecy throughout the process to avoid misleading investors' decisions which might otherwise compromise The Company's reputations or cause extreme share price movements, the Board of Directors had agreed to implement a new set of "Material Insider Information Procedures" during the meeting held in January 2010. Managers and employees had already been informed regarding these new rules, and the details of which are available on the corporate website and Intranet to ensure proper handling of material insider information.</p> <p>(3) Entrance code is strictly enforced at workplace and areas concerning the safety of the employees so that all employees can have a safe and suitable work environment. The passages to, the floor, staircase of the workplace, or related ventilation, light source, lighting, fire safety, emergency measures, and related equipment for employee safety and health shall be subject to routine inspection and maintenance annually. The compensation for occupational injuries and related insurance coverage is explicitly stated in the "Working Guidelines" and is posted at the intranet of the Company.</p> <p>2. In addition to group insurance, the Company has employee shareholding trust, physical examination and healthcare and other resources for the concern and care of the employees.</p> <p>3. The Company has established the Employee Welfare Committee. This Committee is responsible for the fringe benefits of the employees and hold meetings at any time as needed. In addition, the committee also holds labor-management coordination meetings quarterly.</p> <p>4. The Company has the "Guidelines for Sexual Harassment Prevention, Grievance, and Discipline at Work Place" and "Employee Grievance" stipulated to prescribe various grievance channels and operating procedures in order to encourage and protect the informers who report any illegal and unethical act; also, setup telephone hotline and e-mail to handle grievance and suggestions filed by the employees.</p> <p>5. The Company calls for business meetings and management meeting regularly. All functional departments will call for cross-function meetings as dictated by business needs for coordination and communications among the departments.</p> <p>(2) Investor relations, supplier relations, and stakeholders' interests:</p> <p>1. The investor matters are currently handled by the Company's Investor Relation contact person, spokesman, deputy spokesman, and Stock Affair Personnel. On the corporate website, we have also disclosed information of the suggestion and grievance email (auditcomm.brk@yuanta.com), the customer service email (futures@yuanta.com), the reporting hotline (02-5580-5230), and the toll-free customer service helpline (0800-333-338) for shareholders and investors to make suggestions and enquire over any doubts. There is a Q&A zone for the shareholder in the "Investors" zone of the official website of the Company for fortifying</p>	
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- the protection of the rights and privileges of the shareholders.
2. The Company has set the “Corporate Governance Best-Practice Principle,” “Rules Governing Trades with the Stakeholders,” “Rules Governing the Blanket Authorization for Transaction Other Than Credit Transaction with the Stakeholders,” “Code of Ethical Conduct,” and “Regulations Governing Implementation of report system” also, complied with the “Procedures for Ethical Management and Guidelines for Conduct” of Yuanta Financial Holdings to have the relevant interests regulated.
 3. The Company has Investor relation contact person, Spokesperson and Deputy Spokesperson to establish communication with its stakeholders. In addition, The Company's Manager, Finance and Accounting Department, Customer Service / Trading Department etc may also contact stakeholders to address specific issues. All legal disputes are handled by the Compliance Department.
 4. Special columns on topics of the treasury, shareholders, and the operation of the Board and internal control of the Company were set up in the “About Us” zone of the Company website for the reference of the investors and stakeholders.
 5. The Company has dealt with suppliers pursuant to the “Ethical Management Best-Practice Principles” and “Procedures for Ethical Management and Guidelines for Conduct” of Yuanta Holdings. The legality of the trade counterparty should be taken into consideration and whether there is any unethical act recorded. Try to avoid dealing with anyone with any unethical act committed; also, conduct all commercial activities with a fair and transparent practice.
- (3) Directors' on-going education: Information regarding Directors' on-going education in the fields of corporate governance, finance, business, commerce, accounting, or legal subjects have already been disclosed on the "Corporate Governance Section of the Market Observation Post System" (<http://mops.twse.com.tw/index.htm>). In addition, the Company's board of directors resolved on May 23, 2012 to establish an audit committee to take the place of supervisors.
- Continuing education of the directors in 2019:

Title	Name	Training date		Organizer	Course name	Training hours
		Start	End			
The 10 th institutional shareholder representative	Tien-Fu Lin	2019/05/24	2019/05/24	Taiwan Securities Association	Financial Sector Sustainability Strategy and the Inclusion of Yuanta Financial Holding into DJSI	3
		2019/07/11	2019/07/11	Taiwan Securities Association	Anti-Money Laundering Rules and Regulations and the Latest Development	3
		2019/10/03	2019/10/03	Taiwan Securities Association	The introduction and response to the Financial Consumers Protection Act (fair treatment to customers)	3

			The 10 th institutional shareholder representative	Hsiao-Ling Chou	2019/05/24	2019/05/24	Taiwan Securities Association	Financial Sector Sustainability Strategy and the Inclusion of Yuanta Financial Holding into DJSI	3
					2019/10/03	2019/10/03	Taiwan Securities Association	The introduction and response to the Financial Consumers Protection Act (fair treatment to customers)	3
			The 10 th institutional shareholder representative	Yueh-Tsang Li	2019/05/24	2019/05/24	Taiwan Securities Association	Financial Sector Sustainability Strategy and the Inclusion of Yuanta Financial Holding into DJSI	3
					2019/07/11	2019/07/11	Taiwan Securities Association	Anti-Money Laundering Rules and Regulations and the Latest Development	3
					2019/10/03	2019/10/03	Taiwan Securities Association	The introduction and response to the Financial Consumers Protection Act (fair treatment to customers)	3
			The 10 th institutional shareholder representative	Hsien-Tao Chiu	2019/07/11	2019/07/11	Taiwan Securities Association	Anti-Money Laundering Rules and Regulations and the Latest Development	3
					2019/08/05	2019/08/05	Taiwan Securities Association	Analysis with Case Study on Anti-Money Laundering and Prevention of Insider Trade	3
					2019/10/03	2019/10/03	Taiwan Securities Association	The introduction and response to the Financial Consumers Protection Act (fair treatment to customers)	3
			The 10 th institutional shareholder representative	Zheng-hua Sun	2019/06/28	2019/06/28	Corporate Governance Association in Taiwan	Fiduciary Obligation of Directors and Business Judgement Standard	3

		(assumed office on April 1, 2019)		2019/07/11	2019/07/11	Taiwan Securities Association	Anti-Money Laundering Rules and Regulations and the Latest Development	3	
				2019/08/05	2019/08/05	Taiwan Securities Association	Analysis with Case Study on Anti-Money Laundering and Prevention of Insider Trade	3	
				2019/10/03	2019/10/03	Taiwan Securities Association	The introduction and response to the Financial Consumers Protection Act (fair treatment to customers)	3	
		The 10 th institutional shareholder representative (assumed office on April 8, 2019)	Mei-Ling Kuo	2019/05/24	2019/05/24	Taiwan Securities Association	Financial Sector Sustainability Strategy and the Inclusion of Yuanta Financial Holding into DJSI	3	
				2019/07/11	2019/07/11	Taiwan Securities Association	Anti-Money Laundering Rules and Regulations and the Latest Development	3	
				2019/08/05	2019/08/05	Taiwan Securities Association	Analysis with Case Study on Anti-Money Laundering and Prevention of Insider Trade	3	
				2019/09/03	2019/09/03	Taiwan Securities Association	The Contradiction of the Development of Digital Finance	3	
				2019/10/03	2019/10/03	Taiwan Securities Association	The introduction and response to the Financial Consumers Protection Act (fair treatment to customers)	3	
		The 10 th Independent Director	Cho-Min Yu	2019/04/30	2019/04/30	Corporate Governance Association in Taiwan	Financial statements fraud investigation skills	3	

				2019/05/15	2019/05/15	Taiwan Securities Exchange Corporation	EST Investment Promotion Forum	3
				2019/08/05	2019/08/05	Taiwan Securities Association	Analysis with Case Study on Anti-Money Laundering and Prevention of Insider Trade	3
				2019/09/03	2019/09/03	Taiwan Securities Association	The Contradiction of the Development of Digital Finance	3
		The 10 th Independent Director	Nai-Kuan Huang	2019/05/24	2019/05/24	Taiwan Securities Association	Financial Sector Sustainability Strategy and the Inclusion of Yuanta Financial Holding into DJSI	3
				2019/07/11	2019/07/11	Taiwan Securities Association	Anti-Money Laundering Rules and Regulations and the Latest Development	3
				2019/08/05	2019/08/05	Taiwan Securities Association	Analysis with Case Study on Anti-Money Laundering and Prevention of Insider Trade	3
				2019/09/03	2019/09/03	Taiwan Securities Association	The Contradiction of the Development of Digital Finance	3
				2019/10/03	2019/10/03	Taiwan Securities Association	The introduction and response to the Financial Consumers Protection Act (fair treatment to customers)	3
<p>Note 1: It means whether the Directors and Supervisors have complied with the training hours, coverage, method, and disclosure required by the "Guidelines for Promoting Continuing Education to Directors and Supervisors of Public Listed Companies".</p> <p>(4) Risk management policies and risk assessment standards:</p> <p>1. The risk management of the Company is pursued in accordance with the "Risk Management Policy" of the financial holding parent and the requirements of "Risk Management Best-Practice Principles For Futures Commission Merchants" of TSEC. The Company has established the "Yuanta Futures Risk Management Policy" that has been approved by</p>								

		<p>the Board whereby the objective, scope, authority and responsibility of risk management system of the Company have been explicitly stated. This shall be the guideline for the enforcement of risk management.</p> <p>2. The risk management procedure of the Company is divided into 4 steps, namely, risk identification, risk assessment, risk management, and risk reporting. The purpose of the design of risk management procedure is to ensure all risks internal to the Company can be effectively managed.</p> <p>(1) Risk identification: the Company identifies its risk mainly through business or product analysis whereby the risks confronting the operation of the Company, including market risk, credit risk, liquidity risk, operation risk and legal risk can be identified. Relevant risks factors were identified by sources of risks basing on which appropriate risk assessment methods were selected for determining suitable risk indicators and standards, risk control procedure and integration with the internal control system.</p> <p>(2) Risk assessment: Over potential risks in the markets, the Company adopts a sensitivity analysis and risk value (VaR) model for measurement. In terms of credit risks, we have faithfully complied with Yuanta Financial Holdings Group's credit rating system. In terms of operating risks, we deal with these through efforts to set up standard operational procedures (SOP), report of operating risk impairment, operating risk control in self-evaluation as well as inspection over the internal procedures over the external events. Here at the Company, the risk management information system has primarily developed by us. On the risk factor databases and the models of financial engineering, meanwhile, Yuanta Financial Holdings renders support as necessary.</p> <p>(3) Risk management: The Company put market risks, credit risks, current risks, huge volume exposure to risks into quantized measurement under quota management. All annual limits of all varieties of risks are reviewed by the Audit Committee, verified by the Board of Directors and controlled by the Risk Management Department of the business units.</p> <p>(4) Risk reporting: Here at the Company, the performance of risk management is reported to the Audit Committee and the Board of Directors on a regular basis. The ranking supervisory heads work out policymaking process with help of a variety of risk management statements to accomplish sound risk management in real time.</p> <p>(5) Implementation of the customer or consumer protection policy: The Company has established "Act for Settlement of Customer Disputes", the trade dispute and litigation process is regulated in the Company's internal control systems with the free customer service hotline (0800-333-338), Customer Service Mailbox (futures@yuanta.com), and suggestions and complaints mailbox (auditcomm.brk@yuanta.com) available to serve. The Customer Service Department, auditors, and regulatory compliance personnel together are responsible for handling complaints and matters related to the interests of customers.</p> <p>(6) Insurance against directors' liabilities: The Company has already purchased liability insurances for its directors, independent directors and managers; this year's coverage lasts 2019/4/2 - 2020/4/2.</p>	
<p>9. Please describe the improvement performed according to the corporate governance evaluation results published by the Corporate Governance Center of Taiwan Stock Exchange in recent years, and propose the matters with priority for improvement and the respective measures.</p> <p>The Company performed well in the "Corporate Governance Evaluation" held by Taiwan Stock Exchange Corporation, and ranked among the top 5% of TPEX listed companies in the 5th "Corporate Governance Evaluation." The Company was cited by Taiwan Stock Exchange Corporation on May 28, 2019. This was the 5th consecutive year that the Company won the citation. The award granted to the Company indicates recognizing the Company's due diligence operation, the commitment to protect the best interests of shareholders, and the pursuit of a sustainable development of enterprise.</p> <p>In the 5th "Corporate Governance Evaluation," the Company has conducted assessment on the independence of the CPAs retained as external auditors and strengthened the disclosure of related assessment procedure in the 2019 annual report in the exclusion of certain indexes and indexes without additional scoring on the routine assessment of the status of independence of the CPAs retained as external auditors (at least once a year), and the detailed disclosure of the assessment procedures so as to enhance the effect of corporate governance ..</p>			

Note: Summarize the status of operations, either "Yes" or "No", in the description column.

(IV) The operation of the Remuneration Committee:

1. Profiles of the members of the Remuneration Committee

Identity (Note 1)	Name	Qualification			Compliance of independence (Note 2)										Number of other public companies where the members are also the members of the remuneration committee of these companies.	Remarks	
		Lecturer (or above) of commerce, law, finance, accounting, or any subjects relevant to the company's operations in a public or private tertiary institution	Certified judge, attorney, lawyer, accountant, or holders of professional qualification relevant to the company's operations	Commercial, legal, financial, accounting or other work experiences required to perform the assigned duties	1	2	3	4	5	6	7	8	9	10			
Independent Director	Nai-Kuan Huang	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	The convener of the 10 th directors
Independent Director	Cho-Min Yu	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	The members of the 10 th Remuneration Committee

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

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

- (1) Not employed by the company or any of its affiliated companies.
- (2) Not a Director, Supervisor of the Company or its affiliate (except those holding the positions of Independent Directors of the Bank who also act as Independent Directors of its parent company, subsidiary, or group company under the same parent company under the Securities and Exchange Act or applicable law of the host country).
- (3) Does not hold more than 1% of the company's outstanding shares in his/her own name or under the name of spouse, underage children, or any other person; nor is any party listed herein one of the ten largest natural person shareholders of the company.
- (4) Not the spouse, kindred within the 2nd tier or next of kin within the 3rd tier of the managers as stated in (1), or persons stated in (2) and (3).
- (5) Not a Director, Supervisor or employee of the institutional shareholder who directly holds more than 5% of the outstanding shares issued by the Bank, is among the top 5 shareholders, or appoints representatives to assume positions as Directors of Supervisors of the Bank under Paragraph 1 or Paragraph 2 of Article 27 of the Company Act (except those holding the positions of Independent Directors of the Company who also act as Independent Directors of its parent company, subsidiary, or group company under the same parent company under the Securities and Exchange Act or applicable law of the host country).
- (6) Not a Director, Supervisor of employee of a third-party company held by the same person who also holds the seats of Directors of the Company or more than half of the voting shares (except those holding the positions of Independent Directors of the Company who also act as Independent Directors of its parent company, subsidiary, or group company under the same parent company under the Securities and Exchange Act or applicable law of the host country).
- (7) Not a Director, Supervisor, or employee of a third-party company or institution or the spouse of a Director, Supervisor, or employee of a third-party company or institution who also holds the position of Chairman, General Manger, or similar position (except those holding the positions of Independent Directors of the Bank who also act as Independent Directors of its parent company, subsidiary, or group company under the same parent company under the Securities and Exchange Act or applicable law of the host country).
- (8) Not a Director, Supervisor, Manager or shareholder holding more than 5% of the shares of a particular company or institution having financial and business transactions with the Company (except such particular company or institution which holds more than 20% but less than 50% of the shares issued by the Bank, and holds a position as Independent Director of the Company who also acts as Independent Director of its parent company, subsidiary, or group company under the same parent company under the Securities and Exchange Act or applicable law of the host country).
- (9) Not an owner, partner, Director, Supervisor, Manager or spouse to the owner, partner, Director, Supervisor, Manager of a professional, sole proprietor, partnership, company or institution providing audit service for the Bank or its affiliates, or who has received remunerations of less than NT\$500,000 in accumulation over the last 2 years, However, this restriction does not apply to a member of the remuneration committee, public tender offer review committee or special committee for merger and acquisition, who exercises powers pursuant to the "Securities and Exchange Act" or to the "Business Mergers and Acquisition Act" or relevant laws and regulations.
- (10) Does not meet any descriptions stated in Article 30 of The Company Act.

2. The duties of the Remuneration Committee

- (1) On a regular basis meanwhile, we reassessed the Company's policies in performance evaluation and payroll policies, system, criteria and structure for directors and managerial officers.
- (2) Amidst evaluation on a regular basis, we duly work out the salaries and remuneration for the Company's directors and managerial officers.
- (3) The Committee shall perform the abovementioned duties based on the following principles:
 - A. The performance evaluation of directors and managing officers and their remuneration should be determined by referring to the payment standard of the industry; also, by considering the reasonableness of its correlation with personal performance, company performance, and future risks.
 - B. No act intended to guide a director or a managerial officer into a deal in excess of the risk tolerance in the attempt to strive for higher pay remuneration.
 - C. The specificity of the industry and the nature of the Company's business shall be considered when determining the proportion of profit sharing for short-term performance and the changes in the payment time of part of the salary and remuneration of directors and executives.

3. Information on the operation of the Remuneration Committee

- (1) The Remuneration Committee of the Company is consisted of 3 persons.
- (2) The tenure of the 10th Committee Members: From May 24, 2018 to May 23, 2021. The Remuneration Committee had nine meetings (A) held in the most recent year (2017).

Member attendances:

Title	Name	Actual attendance (B)	Proxy Attendance	Percentage of actual attendance (%) (B/A) (Note)	Remarks
Convener	Ching-Shan Hung	9	0	100	The election of the 10 th term of Independent Directors was held on May 14, 2018 with expiration of the term of office on December 30, 2019. There should be 9 attendances to meeting (A)
Members	Cho-Min Yu	9	0	100	The 10 th Independent Directors were reelected and took office on May 24, 2018 with 9 meetings to attend (A)
Members	Nai-Kuan Huang	9	0	100	The election of the 10th term of Independent Directors was held on May 24, 2018. There should be 9 attendances to meeting in 2019 (A). The new convener assumed office on January 8, 2020

Other remarks:

I. The Board may not accept the recommendations of the Remuneration Committee, or revise the recommendations, specify the date of the Board meeting, the term, the content of the motion, the resolution of the Board, and the response of the Board towards the opinions of the Remuneration Committee (e.g., the remuneration package passed by the Board is superior to the recommendation of the Remuneration Committee, specify the difference and the reasons): none.

II. If any members of the Remuneration Committee expressed adverse opinions or qualified opinions on the resolutions of the committee on record or with written declaration, specify the date, the session, the content of the motion of the Remuneration Committee meeting, the opinions of all members, and the responses to the opinions of the members: no.

III. Reasons for discussions and resolutions of the Remuneration Committee and the Company's handling of

employee suggestions:

(1) The 6th Remuneration Committee meeting of Session Ten convened on January 24, 2019.

© It is regarding the performance bonus to the Company's senior executives and managers.

The resolution reached by the Remuneration Committee: Approved with the consent of the board directors.

Acts to be taken by the Company in response to the opinions heard in the Remuneration Committee: In the 10th meeting of the 10th board of directors convened on January 24, 2019, all present directors granted the issue with a pass except those in interested involvement who withdrew from the event.

(2) The 7th Remuneration Committee meeting of Session Ten convened on February 27, 2019.

©Design of the work objectives of the managers of the Company in 2019.

The resolution reached by the Remuneration Committee: Approved with the consent of the board directors.

Acts to be taken by the Company in response to the opinions heard in the Remuneration Committee: In the 11th meeting of the 10th board of directors convened on March 6, 2019, all present directors granted the issue with a pass except those in interested involvement who withdrew from the event.

(3) The 8th Remuneration Committee meeting of Session Ten convened on March 19, 2019.

©Presenting the 2018 Employees' Remuneration Distribution.

The resolution reached by the Remuneration Committee: Approved with the consent of the board directors.

Acts to be taken by the Company in response to the opinions heard in the Remuneration Committee: In the 12th meeting of the 10th board of directors convened on March 21, 2019, all present directors granted the issue with a pass except those in interested involvement who withdrew from the event.

©Determination of the remunerations to the vice presidents of the Company.

The resolution reached by the Remuneration Committee: Approved with the consent of the board directors.

Acts to be taken by the Company in response to the opinions heard in the Remuneration Committee: The issue was duly resolved by all present directors plenary in the 12th Meeting of the 10th board of directors convened on March 21, 2019.

(4) The 9th Remuneration Committee meeting of Session Ten convened on May 22, 2019.

© Amendment for part of the Company's "Salary Scale and Ranks and Grades Along the Corporate Hierarchy".

©The revision of part of the "Regulation Governing Prices and Awards" of the Company.

©Promotion and salary adjustment for the department managers under the Board of the Company.

© The promotion of the Company's managerial officers.

The resolution reached by the Remuneration Committee: Approved with the consent of the board directors.

Acts to be taken by the Company in response to the opinions heard in the Remuneration Committee: The issue was duly resolved by all present directors plenary in the 16th Meeting of the 10th board of directors convened on May 27, 2019.

(5) The 10th Remuneration Committee meeting of Session Ten convened on July 24, 2019.

© It is regarding the performance bonus to the Company's senior executives and managers.

© Presenting the 2018 Manager and Employees' Remuneration Distribution.

The resolution reached by the Remuneration Committee: Approved with the consent of the board directors.

Acts to be taken by the Company in response to the opinions heard in the Remuneration Committee: In the 18th meeting of the 10th board of directors convened on July 24, 2019, all present directors granted the issue with a pass except those in interested involvement who withdrew from the event.

(6) The 12th Remuneration Committee meeting of Session Ten convened on October 24, 2019.

©Renamed the "Standards for Directors Allowance on Transports and Attendance to Meetings" as "Regulations Governing the Allowance of Directors on Transports and Attendance to Meetings" with amendment to the provisions in part.

©The revision of part of the Company's "Regulations Governing Appointment & Management of Managerial Officers."

The resolution reached by the Remuneration Committee: Approved with the consent of the board directors.

Acts to be taken by the Company in response to the opinions heard in the Remuneration Committee: In the 21st meeting of the 10th board of directors convened on October 30, 2019, all present directors granted the issue with a pass except those in interested involvement who withdrew from the event.

(7) The 13th Remuneration Committee meeting of Session Ten convened on November 21, 2019.

©The institution of the "Regulations Governing Employee Subscription of Shares issued for Raising New Capital."

The resolution reached by the Remuneration Committee: Approved with the consent of the board directors.

Acts to be taken by the Company in response to the opinions heard in the Remuneration Committee: In the 22nd meeting of the 10th board of directors convened on November 27, 2019, all present directors granted the issue with a pass except those in interested involvement who withdrew from the event.

© Amendment for part of the Company's "Performance evaluation rules of the Board of Directors and functional committee."

The resolution reached by the Remuneration Committee: Approved with the consent of the board directors.

Acts to be taken by the Company in response to the opinions heard in the Remuneration Committee: The issue was duly resolved by all present directors plenary in the 22nd Meeting of the 10th board of directors convened on November 27, 2019.

(8) The 14th Remuneration Committee meeting of Session Ten convened on December 19, 2019.
©Proposal to establish the “2020 Remuneration Committee Meeting Agenda”.
The resolution reached by the Remuneration Committee: Approved with the consent of the board directors.
The Company’s handling of suggestions made by the Remuneration Committee: Proceeded as suggested.

(9) The 15th Remuneration Committee meeting of Session Ten convened on January 8, 2020.
©Proposal to elect the Remuneration Committee convener.
Resolution of the Remuneration Committee: The Remuneration Committee voted in common consent in favor of the motion as stated, and elected Independent Director Huang Nai-Kuan as the convener of the 10th Remuneration Committee.
The Company’s handling of suggestions made by the Remuneration Committee: Proceeded as suggested.

(10) The 16th Remuneration Committee meeting of Session Ten convened on January 16, 2020.
© It is regarding the performance bonus to the Company’s senior executives and managers.
The resolution reached by the Remuneration Committee: Approved with the consent of the board directors.
Acts to be taken by the Company in response to the opinions heard in the Remuneration Committee: In the 24th board of directors meeting of Session Ten convened on January 16, 2020, all present directors granted the issue with a pass except those in interested involvement who withdrew from the event.

Note:

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

(V) The Performance of Corporate Social Responsibility and Variation with the Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies, and the reason for the variation.

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies
	Yes	No	Summary description	
1. Has the Company assessed the risks pertinent to the environment, society, and issues of corporate governance deriving from corporate management under the principle of materiality to map out related risk management policy or strategy?	V		1. The influence of Yuanta Financial Holding, the parent of the Company, on the Company in ESG issues, and the management measures including policies, promises, objectives, management, and evaluation mechanisms. Identify and manage the risk and opportunities deriving from ESG issues through issues of materiality and include the factor of climate change as a vital aspect of the corporate governance and business strategy of the Company for showing the determination of Yuanta Group in the advocacy of sustainability. In addition, the Group has incrementally made perfect methods for the identification and management of related risks and opportunities, and established and implemented related strategies so as to build up the capacity for transformation towards low carbon inside the Group and the customers as contribution to a global green economy.	There is no difference detected.
2. Does the Company have a specific (or part-time) unit set up to promote corporate social responsibility, have the management been authorized by the Board of Directors to handle matters and report the processing results to the Board of Directors?	V		2. Apart from upholding the CSR strategy and core philosophy of Yuanta Financial Holding, we began to plan and prepare a discreet (concurrent) unit to implement CSR in 2013 with respect to the “Corporate Social Responsibility Best Practice Principles” and “CSR Policy and Management Rules” of Yuanta Financial Holding. In 2014, we appointed the head of departments within the Company to form a CSR implementation team to review topics that concern stakeholders in the economic, environmental, and social aspects. In the CSR implementation team, the president and executive VP are the chief convener and deputy convener respectively to supervise the progress of the implementation of projects in relation to CSR. In addition, seven departments were established to implement related functions. The integrated planning department plans and implements CSR and reports the effectiveness of implementation of individual CSR items at periodic meetings, in order to effectively manage and implement the Company’s CSR policy. The CSR proposals will be subject to the final decision of the Board. The state of pursuit will be reported to the Board at regular intervals each year with the compilation of the corporate social responsibility report. The complete content will be disclosed in the section of “corporate social responsibility” on the official website. The website is: https://www.yuantafutures.com.tw/csr_01	There is no difference detected.

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies
	Yes	No	Summary description	
<p>3. Environmental Issues</p> <p>(1) Does the Company have an appropriate environmental management system established in accordance with its industrial character?</p> <p>(2) Is the Company committed to enhance the utilization efficiency of resources and use renewable materials that are with low impact on the environmental?</p> <p>(3) Has the Company assessed the potential risk or opportunity deriving from climate change and its effect on the Company at present and in the future, and mapped out the response to climate-related issues?</p> <p>(4) Has the Company kept statistics on the greenhouse gas emission volume, water consumption volume, and total weight of wastes over the last 2 years, and mapped out the policies for managing the reduction of carbon, greenhouse gas emission, water consumption, and the generation of wastes?</p>	<p>V</p> <p>V</p> <p>V</p> <p>V</p>		<p>(1) (2) In 2016, Yuanta Financial Holdings Group successfully set up an ISO 14001 Environment Management System. Through the teamwork of the entire Group, the entire Company tries hard to conserve power and water consumption to minimize its impact on the environment. The Company tries hard to promote electronic account bills and resource recycling as well as such environmental protection efforts. In procurement of office articles and supplies, the Company aims at low consumption and green energy oriented goods. On an annual basis, the Safety & Health Management Consultation Company issues testing and monitoring reports to verify the Company's performance in labor operating environment.</p> <p>(3) In supporting the policy of the Group, the Company takes the following measures in response to the potential risks and opportunities of the enterprises deriving from climate change at present and in the future.</p> <p>A.The Company has established the Task Force on Climate-Related Financial Disclosures (or TCFD) whereby the enterprise is requested under the "Climate-Related Financial Disclosures Recommendations" of the Financial Stability Board (FSB) to provide reliable financial-based measurement information for the study of the stakeholders who in turn will propose better disclosure models for the Company in corporate reporting through the identification of the risks and opportunities deriving from climate change.</p> <p>B.In the conduct of industry risk assessment, the effect of climate change on the particular industry is included. The industry risk rating result is positively correlated with the credit and large amount exposure of the Company on the particular industry. As such, the Company included the potential risk of climate change into the assessment that yields the effect of guiding the company in the financial utilization exposure direction.</p> <p>(4) Exactly in coordination with the Group's policies, the Company duly set up ISO 14001 Environment Management System Criteria as well oriented to the financial industry. Starting from 2017, the Company brought ISO 14064-1 Greenhouse Gas Monitoring System which had been officially verified by the International Verification Organization British Standards Institution (BSI). In the aspect of environmental management, the Company continues to operate as below:</p>	<p>There is no difference detected.</p>

Assessment items	Actual governance		Summary description	Deviation and causes of deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies
	Yes	No		
			<p>A.Exactly pursuant to the Yuanta Group's policies, outcomes in the environmental assessment and decisions resolved in managerial review, the Company duly works out or update its environmental policies.</p> <p>B.The Company duly enacted managerial specifications governing interior environments with air conditioning temperature inside offices which exactly satisfy the requirements of the Autonomous Act of Taipei City in Guidance over Energy Saving & Carbon Reduction for Industries & Commerce.</p> <p>C.Every year, the Company reassesses the performance and outcome in water and power consumption to thoroughly implement the policies to conserve water, save energy & reduce carbon and minimize greenhouse gases.</p> <p>D.Smoking is absolutely banned on all Yuanta office premises except the specified outside spaces. This policy well satisfies all laws and ordinances concerned. On a regular basis, the Company launches such acts for disinfection, deracination and acts to exterminate insect pests.</p> <p>E. The Management Committee of the Yuanta Building is the unit solely assuming the responsibility to take charge of environments. The overall maintenance & upkeep of the environment is enumerated below:</p> <p>a. Here at Yuanta amidst financial services, the key sources for greenhouse gas discharge power, water consumption and fuel for transportations. The Company has tried hard to monitor the discharge of greenhouse gas. Starting from 2017, the Company officially outsourced outside institution to monitor and verify greenhouse gas discharge.</p> <p>b. Toward the management of greenhouse gas discharge, the Company holds a strategy to promote environmental protection to implemented thoroughly energy saving & carbon reduction:</p> <p>(A) The Company implements resource recycling and launched green procurement.</p> <p>(B) In the prolonged publicity and dissemination, we appeal all Yuanta staff members to use staircases instead of an elevator when they travel between two floor levels for electricity conservation on the one hand and for health exercise on the other. The elevators are set to stop in every other floor levels to reduce stops and minimize energy consumption.</p>	

Assessment items	Actual governance		Summary description	Deviation and causes of deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies
	Yes	No		
			<p>(C) For entire Yuanta office premises, the average room temperature is set never below 26 degrees C.</p> <p>(D) At sunshine spots, we installed sun shade curtains to minimize solar radiation.</p> <p>(E) Amidst our publicity and dissemination programs, we appeal all Yuanta staff to pull off plugs when OA equipment is not in use, to stay out of an office, turn off unneeded lights.</p> <p>(F) Set all business machinery & equipment into automatic standby electricity-conservation mode.</p> <p>(G) In an overall policy, we reduce faucet output volume and call all Yuanta staff to assure to fasten faucets after use.</p> <p>(H) We heavily promote video conference system to help Yuanta staff conserve energy from traffic hassles.</p> <p>(I) For documented communications both internally and externally, we promote electronic documents through online transmission to minimize consumption of paper and carbon powder.</p> <p>The Group is committed to promoting environmental sustainability. In 2018, it obtained the first "Green Power Identity Card" and completed the procurement of 500 renewable energy certificates. In 2019 we were rated grade "A-", a leader grade, by the Carbon Disclosure Project (CDP). This brilliant performance reflects the group's efforts, and it earns high recognition from international professional organizations.</p> <p>The Company introduced the ISO 14064-1, the greenhouse gas inspection system in 2017, and was accredited by BSI. In 2018, the volume of direct emission of greenhouse gas was 26.1759 metric tons CO2e/year and the indirect remission of greenhouse gas was 1194.9629 metric tons CO2e/year. In the future, we will continue GHG inventory every year to control GMG emissions through reviewing historical data. It is estimated that we can reduce emissions by 1% within the next five years to reduce the impact of our operations on the environmental load.</p>	
<p>4. Social Issues</p> <p>(1) Does the Company have the relevant management policies and procedures stipulated in accordance with the relevant laws and regulations and international conventions on human rights?</p>	V		<p>(1) The Company has proposed the working guidelines as required by law, posted the guidelines at the intranet of the Company, calls for labor-management meetings regularly, and employs the handicapped and the aboriginal people as employees for the respect of the basic human right of the worker</p>	There is no difference detected.

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies
	Yes	No	Summary description	
(2) Has the Company established and pursued reasonable welfare policies for the employees (including remuneration, holidays, and other benefits), and reflected the performance or result of operation on the remunerations to the employees?	V		internationally recognized.	
(3) Does the Company provide employees with a safe and healthy work environment, and provide safety and health education to employees regularly?	V		(2) The Company provides a fair, reasonable and competitive remuneration system. Through the regulations governing employee performance management, the Company avails the channels for annual promotion and salary raise for the employees demonstrating sound performance. Performance bonus will also be released depending on the business result and performance of the employees. The benefit systems of the Company are diversified and sound. In addition, the Company also values friendliness and health at the workplace through providing various forms of conveniences for the employees including a complete package of care and concern. (3) The Company has the “Employee Safety and Health Best Practice Principles” reported and placed on the Company’s internal Website, regularly inspected and maintained fire system and disaster prevention equipment, provided occupational hazard compensation and related insurance, and equipped a 24-hour strict access measure to provide employees with a safe workplace. In addition, arrange health check-up for colleagues regularly.	
(4) Does the Company have an effective career capacity development training program established for the employees?	V		(4) The Company, for the purpose of stimulating employee’s potentials and nurturing talents, has the “Guidelines for Employee Education and Training” regulated to train employees establishing effective occupational capacity.	
(5) Has the Company complied with applicable legal rules and international standard in marketing labeling of products and services for the health and safety, and privacy of the customers, and has mapped out the policies for the protection of consumer rights, and procedures for complaint?	V		(5) The Company is a futures commission merchant and has acted to protect the interests of traders in accordance with the relevant futures commission merchant laws and regulations and the “Guidelines for Promotional Materials and Advertisement Performed by Members of Chinese National Futures Association.” In performing the obligation of confidentiality of customer information in due diligence, the Company responds to disputes deriving from transactions with customers in accordance with the “Yuanta Financial Holding and Subsidiaries Customer Information Protection Policy” and the “Yuanta Financial Holding and Subsidiaries Declaration of Protection of Privacy Right,” the “Regulations Governing the Settlement of Disputes with Customers,” and “Procedure for Handling Customer Complaints.” In vitalizing the protection of financial consumer right, the Company has instituted the “Fair Treatment of Customer Policy” and “Fair Treatment of Customer Principles and Strategy.” In addition, the Company also established reliable channels for handling customer complaints, and kept abreast of the progress of action taken in response to customer complaints in a timely	

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies
	Yes	No	Summary description	
(6) Has the Company established the supplier management policy to demand suppliers observe applicable rules and regulations governing environmental protection, occupational safety and health, or labor rights, and the state of implementation?	V		manner. (6) The Company has the transactions with the suppliers processed in accordance with Article 16~20 of the “Procedures for Ethical Management and Guidelines for Conduct” that is also applicable to the other members of the Group. (I) For understanding the state of operation of the contracting parties in business better, the Company shall include the clause of business integrity in the agreements, and shall request respective suppliers to provide the declaration of business integrity and information on business transactions for reference. In addition, the Company shall also check the legal status of these parties at the website of the court to confirm if there is a history of receiving bribes and/or the offering of illegal political contribution. Further, the Company requires suppliers to comply with applicable rules and regulations governing environmental protection, safety and health, and human rights of laborers for the joint effort in upgrading corporate social responsibility. According to Article 20 Paragraph 2 of the “Procedures for Ethical Management and Guidelines for Conduct,” when one of the parties has conducted business activities involving an unethical act, the other party may have the contract terminated or rescinded at any time.	
5. Has the Company consulted the standard or directions commonly used worldwide in compiling the corporate social responsibility report for the disclosure of non-financial information on the Company? Is the aforementioned report subject to the validation or guarantee by a third-party accreditor?	V		(1) The Company’s fulfilling corporate social responsibility must be disclosed on the annual report, the annual CSR report has been disclosed in the corporate governance section of the Company’s website and MOPS since the year of 2015.	There is no difference detected.
6. For companies who had established corporate responsibility code of conducts in accordance with the “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies”, please describe the current practice and any deviations from the code of conduct: Yuanta Financial Holdings had formulated “Corporate Social Responsibility Best Practice Principles” and “Corporate Social Responsibility Policies and Management Rules” in accordance with “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies” in order for all corporate members of our group including the Company to comply. Currently there is no significant difference in operations.				
7. Other important information that help understand the CSR operation: (1) Social care: 1. In 2019, the Company donated NT\$3,100,000 to “Yuanta Cultural and Education Foundation” with active participation in different cultural, educational and social events, and advocated related activities under the 5 basic principles of “With Dream Comes True, Fund the Misfortunes in Education,” “Training Good People in Banking and Finance through Industry-University Collaborative Education,” “Safety under the Rule of Law and Protection of Environment,” “Community Service and Concern for the Rural Areas,” “Medical and Health Care for the Elderly and Minors” in order to encourage children in rural areas to make their dreams come true. The Company spares no effort in the training of banking and				

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies
	Yes	No	Summary description	
<p>financial professional, and the advocacy of cultural and artistic promotion.</p> <p>2. The Company had donated NT\$1.38 million in 2019 to “Yuanta-Polaris Research Institute” to support the academic research institute studying the macroeconomy of Taiwan and other major nations, finance, and instruments, to implement important annual plans, and to share the research results with the community.</p> <p>3. In 2019, the Company donated NT\$375,000 to "Taiwan Financial Services Roundtable Co. Ltd." as fund for public interests for financial services. That was recognized as a very significant event for the corporate social responsibility (CSR) of financial institutions.</p> <p>4. Under Yuanta's corporate social responsibility (CSR) of "Take from society/give back to society," the Company spared no effort to support the underprivileged elements. In a substantial implementation, we invited a public interest performance troupe from "Down Syndrome Foundation of the Republic of China" into performance programs and donated funds to support that same Foundation.</p> <p>5. The Company for fulfilling its corporate social responsibility organized the “Coastal Cleanup” environmental campaign to encourage staff to participate in the effort of environmental protection and to make contribution for the good of the society and the planet.</p> <p>6. The Company spared no effort in participating in social charity and rallied for the donation of used items, invoices, money and purchase from the fruit farmers to demonstrate the support and assistance to the social misfortunes by all in concerted effort.</p> <p>7. The Company employs the handicapped as employees too.</p> <p>8. The Company had cooperative education contracts signed with several colleges and universities to provide internships to students with the opportunity to experience hand-on operation at the workplace; also, invited students and teachers of the cooperating schools to visit the Company.</p> <p>(2) Energy conservation:</p> <p>1. Promote electronic billing activities to save paper usage.</p> <p>2. Promote the environmental protection policy of power-saving, water-saving, and energy conservation; also, disclose annual carbon emissions on MOPS.</p> <p>3. Efforts toward resource recycling and reuse.</p>				

(VI) The Practice of Ethical Corporate Management and Related Policies and Variation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-listed Companies:

Assessment items	Actual governance			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the reasons
	Yes	No	Summary description	
<p>1. Business Integrity Policy and action plans</p> <p>(1) Has the Company specified its policy and method for the implementation of ethical corporate management in its internal rules and regulations and external documents, and have the Board and the management of the Company promised to pursue the policy of ethical corporate management?</p>	V		<p>(1)</p> <p>1. According to Article 1 of the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies” all TWSE/GTSM-Listed companies shall establish their principles for business integrity in accordance with the aforementioned rules and shall be applicable to their subsidiaries, organizations or groups that the companies have directly or indirectly donated more than 50% of their funds accumulatively, and institutions or group enterprises or business organizations that the companies have actual power of influence. As such, the Company has complied with the “Yuanta Financial Holding Company Limited Best-Practice Principles in Business Integrity”, and “Operation Procedure and Code of Conduct in Business Integrity”.</p> <p>2. Yuanta Financial Holdings Corporation coordinates with the policy of the Financial Supervisory Commission and the "Best-Practice Principles on Good Faith Management for Exchange-Listed and OTC-Listed Companies" and "Best-Practice Principles on Good Faith Management Procedures & Operating Guidelines.” The Company passed and instituted the “Yuanta Financial Holding Ethical Corporate Management Best Practice Principles” and the “Yuanta Financial Holding Ethical Corporate Management Procedure and Code of Conduct” on October 25, 2011 and December 27, 2011, respectively. The Company consulted the amendment to the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX-listed Companies” announced by Taiwan Stock Exchange Corporation on May 23, 2019, and thereby amended the “Yuanta Financial Holding Ethical Corporate Management Best Practice Principles” on September 25, 2019.</p> <p>3. To facilitate the procedure, the Company has designated a dedicated unit to be in charge of implementing relevant operations and reporting to the board of directors on a regular basis. The Companies also abided by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and establish good corporate governance, risk control and management mechanism to create an operational environment for sustainable development.</p> <p>4. The Company has the Ethical Management Committee organized to establish a business culture of ethical management and to substantiate ethical management; also, has the “Rules Governing the Establishment of Ethical Management Committee” setup in accordance with the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed</p>	There is no difference detected.

Assessment items	Actual governance			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the reasons
	Yes	No	Summary description	
<p>(2) Has the Company developed the mechanisms for the assessment of integrity risk with routine analysis and assessment on business activities exposed to higher integrity risk in the operation based on which the Company planned for the prevention of unethical practices? The content shall cover at least the preventive measures contained in Paragraph 2 in Article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX-listed Companies.”</p> <p>(3) Has the Company established plans for the prevention of unethical practices, and has it specified the operation procedures, code of conduct, and punishment for violation, and the system of complaints in the plans and properly implemented these plans with routine review and revision?</p>	V		<p>Companies” of Taiwan Stock Exchange; also, complies with the “Ethical Management Best-Practice Principles” and “Procedures for Ethical Management and Guidelines for Conduct” of Yuanta Financial Holdings.</p> <p>(2) The acts of fraud and fraudulent interest, committing or accepting bribes, providing illegal campaign contributions, improper charitable donations or sponsorships and unreasonable gifts, and hospitality or other improper benefits are prohibited explicitly in the “Ethical Corporate Management Best Practice Principles for Yuanta Financial Holdings.” The “Procedures for Corporate Management and Guidelines for Conduct” are regulated. In addition, the disciplinary action and complaint system for any violation of corporate management is stipulated. The job title and name of the violator, date of violation committed, the content of the violation committed, and the handling of the said violation are disclosed on the website in a timely manner.</p> <p>(3) In mapping out the plans for the prevention of breach of integrity, what measures have the Company adopted to prevent the offering and acceptance of bribes, the offering of illegal political contribution in the area of business activities vulnerable to the breach of integrity. In addition, all procurements are handled in accordance with the “Procedures for Ethical Management and Guidelines for Conduct” of Yuanta Financial Holdings.</p>	
<p>2. Proper enforcement of business integrity</p> <p>(1) Does the company have the integrity of the trade counterparty assessed and with the code of integrity expressed in the contract signed?</p> <p>(2) Has the Company established a designated body directly under the Board for administering ethical corporate management with routine report to the Board (at least once a year) on the pursuit of the ethical corporate management policy and the plans for the prevention of unethical practices, and the supervision of the implementation of these policies?</p>	V		<p>(1) For understanding the state of operation of the contracting parties in business better, the Company shall include the clause of business integrity in the agreements, and shall request respective suppliers to provide the declaration of business integrity and information on business transactions for reference. In addition, the Company shall also check the legal status of these parties at the website of the court to confirm if there is a history of receiving bribes and/or the offering of illegal political contribution.</p> <p>(2)</p> <p>1. The Company has the “Ethical Management Committee” organized under the administration of the board of directors in August 2015 in accordance with the “Procedures for Ethical Management and Guidelines for Conduct” of Yuanta Financial Holdings and the “Rules Governing the Establishment of Ethical Management Committee” of the Company with one chairman and five members appointed who are the director of the Compliance Department, Risk Management Department, Auditing Department, General Planning Department, and Administration Office. At least one meeting is convened annually to assist the Board and the management to check and evaluate whether the implementation of the preventive measures established for substantiating ethical management is functioning effectively, and regularly assess the</p>	There is no difference detected.

Assessment items	Actual governance			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the reasons
	Yes	No	Summary description	
(3) Has the Company established the policy for the avoidance of the conflict of interest and provided appropriate channels for reflection, and pursued the policy properly?	V		<p>compliance of the relevant business processes with a report prepared in order to deepen and upgrade the sound management of the Company's ethical operation.</p> <p>2. The status of the pursuit of corporate governance and ethical corporate management in 2019 will be reported to the 10th Board in the 27th session dated March 19, 2020.</p> <p>(3)</p> <p>1. The Company formulated the "Codes of Ethics" to establish that when the company's directors or managers take advantage of their positions and authorities to involve themselves or their spouse, parents, children, or relatives within the third degree of kinship, and the affiliated enterprise at which a director, supervisor, or managerial officer works in business interactions with the company, they shall declare initially the information, and comply with a legitimate and appropriate means to handle or avoid the conflict of interest. The company established a sound management mechanism and implemented in the internal control and external business activities to enhance the effect of the ethical corporate management.</p> <p>2. The company has formulated relevant regulations such as "Audit Committee Charter," "Rules of Procedure for Board of Directors Meetings," and "Codes of Ethics," etc. For the recusal of relevant corporate personnel (including directors) due to conflicts of interest, prohibition against disclosure of confidential information, Prohibition against insider trading, and Non-disclosure agreement, they shall be handled under relevant regulations.</p>	
(4) Has the Company established an effective accounting system and internal control system for the proper pursuit of ethical corporate management? Has the internal audit function designed a relevant audit plan on the basis of the assessment result of integrity risk for the prevention of unethical practices and compliance of related rules and regulations, or commissioned certified public accountants to conduct audits on unethical practices?	V		<p>(4)</p> <p>1. The Company has established its accounting system in accordance with the Company Act, Futures Trading Act, Regulations Governing the Compilation of Financial Statements by Futures Commission Merchants, Statement of Financial Accounting Standard, and IFRS recognized by the Financial Supervisory Commission as the guide for all functional units in accounting. In addition, the Company also commissioned PwC Taiwan to conduct audit (review) on the financial statements.</p> <p>2. Under the code of ethical corporate management, the Company has established effective an internal control system with timely amendment in accordance with applicable laws and internal management needs so that all functional units can follow and avoid unethical practices of their staff. Additionally, while the corporate personnel involving any dishonest behavior, except that the internal audit department shall be instructed to conduct the audit, and the dedicated unit submitted to the board of directors a report on the unethical conduct, actions taken, and subsequent reviews and corrective measures. In the event other persons are suspected of engaging in unethical conduct to the</p>	

Assessment items	Actual governance			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the reasons
	Yes	No	Summary description	
(5) Has the Company organized corporate management internal and external education and training programs on a regular basis?	V		<p>Company and involving illegal affairs, the internal audit department shall submit relevant audit results to the legal compliance department in order for the legal compliance department to assist the Company in reporting the relevant facts to the inspection unit.</p> <p>3. The Internal Audit function of the Company conducts audits on the internal control system and the accounting system in accordance with the annual audit plan for assurance of compliance, and compiles all the audit findings into reports to present to the Auditing Committee and the Board. There was not any violation against ethical management found in the 2019 internal audit.</p> <p>(5) Based on the Guidelines, the Company sponsors training programs focusing on "Publicity & Dissemination on Law Compliance and Anti-Bribe & Corruption" which the entire staff of the Company should attend and pass the tests (in 2019, a total of 375 staff members participated in, total training course 375 hours and satisfactorily passed the Training Programs) to assure that the entire staff would become fully aware of the laws and ordinances concerned, the Best-Practice Principles on Good Faith Management with sound discretion. Starting from 2017, the Company newly sponsored "Corporate Social Responsibility (CSR) Educational & Training Programs" as the further thorough implementation of law compliance and corporate social responsibility (CSR). In addition, the external training programs are handled in accordance with the "Guidelines for Employee Education and Training."</p>	
<p>3. The operations of the Company's Report System</p> <p>(1) Does the Company have a specific report and reward system stipulated, a convenient report channel established and a responsible staff designated to handle the individual being reported?</p> <p>(2) Has the Company established the standard operation procedures for the investigation of complaints as reported, follow-up actions after the investigation, and related mechanisms for confidentiality?</p>	V	V	<p>(1) We have set up reporting channels including the hotline, helpline, email address, and mail address on the corporate website. In addition, we have established the "Report System" section on the corporate website to encourage healthy operations and develop an integral and transparent corporate culture. We keep the whistleblower and the report strictly confidential. After the acceptance of the compliance department, the report is referred to the audit department for investigation. In addition, the corporate management and employee performance evaluation and human resources policy are combined to establish a clear and effective disciplinary and appeal system.</p> <p>(2) The Company established the "Regulations Governing Whistle Blowing" in September 2018 for the development of integrity and transparent corporate culture, which has been passed by the Board. It is explicitly stated in the regulations that if the Company discovers or it is reported from whistle blowers any unethical practices of Company staff, the investigation unit will proceed to investigate in accordance with related principles and procedures, including the request for assistance from different departments,</p>	There is no difference detected.

Assessment items	Actual governance			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the reasons
	Yes	No	Summary description	
(3) Has the Company taken proper measures to protect the whistleblowers from suffering any consequence of reporting an incident?	V		<p>notifying the accused or related parties for explanation and defense, and request the others who have experience for assistance. The findings from the investigation will be compiled into a report in writing, and submitted to the senior officers, President, and the review board for review and to the Board, depending on the identity, the position of the accused and the rule of gate approval. If a case is confirmed in the investigation, we will take immediate actions to inhibit the occurrence, prevent it from recurrence, or take emergency response with respect to other related laws and regulations and the Company's regulations. For serious offences or damage, shall report the subsequent actions and improvement measures to the Audit Committee. We will also claim from the respondent by law, where necessary, to maintain the goodwill and rights and interest of the Company. The respondent may express his/her opinions and file a grievance. After a penalty proposal is confirmed, we will order related units to submit a written review report, and the investigation unit shall follow up the improvement until completion to eliminate the recurrence of the same offences, in order to enforce ethical management. The clause of confidentiality is explicitly stated in the "Regulations Governing Whistle Blowing," "Ethical Corporate Management Best Practice Principles," "Ethical Corporate Management Procedure and Code of Conduct," and the declaration of confidentiality by those involved in handling the complaints (including the person responsible for receiving complaint e-mails), including the identity and examples presented by the whistle blowers, and no disclosure of any information that could lead to the identification of related parties.</p> <p>(3) Apart from specifying the measures to protect the whistleblower against improper treatments after reporting in the "Regulations for Implementation of the Whistleblowing System", the "Code of Ethics and Conduct", and "Ethical Management SOP", and the "Procedures for Ethical Management and Guidelines for Conduct", we also post them on the "Reporting System" section on our corporate website.</p>	
4. Enhanced information disclosure Does the Company have the contents of corporate management and its implementation disclosed on the website and MOPS?	V		<p>(1) We update information in relation to ethical management on the corporate website from time to time, including the "Code of Ethics and Conduct and Other Regulations". We also disclose information regarding the status and effectiveness of implementation of our "Ethical Corporate Management Best Practice Principles".</p> <p>(2) The Management Department of the Company shall load relevant information to the intranet of the Company at any time as needed. Currently, the department has announced the "Particulars for Procurement Management", which covers business integrity and related operation procedure.</p>	There is no difference detected.

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

(VII) Where the Company may have established related internal code governing best-practice of corporate governance, disclose the means for inquiry: for further information, visit the corporate governance zone of the company website at <http://www.yuantafutures.com.tw/> and MOPS at <http://mops.twse.com.tw/mops/web/index>, the stock code of the Company is 6023.

(VIII) Vital information that helps to understand the practice of corporate governance of the Company shall be disclosed: for further information, visit the corporate governance zone of the company website at <http://www.yuantafutures.com.tw/> and MOPS at <http://mops.twse.com.tw/mops/web/index>, the stock code of the Company is 6023.

(IX) Internal control

1. Declaration of internal control: please see page 95 of this annual report.
2. If the internal control policy was reviewed by an external auditor, the report of such a review must be disclosed: **none**.

(X) Major resolutions from general shareholders' meetings and board of directors meetings during the latest financial year, up to the publication date of this annual report:

1. Before sending notice of high-risk accounts, the Company offset the position of the transaction party concerned. The account risk indicator of the transaction party concerned falls below 25% and the Company failed to proceed to offset the position, with no establishment of backup procedures and testing, which is a violation of Paragraph 2 in Article 2 of the Regulations Governing Futures Commission Merchants. A fine of NT\$360,000 was imposed on the Company by the Financial Supervisory Commission. (Jin-Guan-Zheng-Qi-Fa-Zi No. 1080306233 dated March 7, 2019)

Corrective action: A. The item of notification record was introduced to the system; the settlement staff has to confirm notification of high risk in the first place before proceeding to offset the position. B. Intensify the education on law for the staff that when the risk indicator falls below 25%, proceed to offset the position for the clients. C. The bypassing procedure for backup is included into the system in the internal code with proper exercise drills conducted.

2. The Company is involved in legal proceedings of futures operation due to the failure to declare within 5 business days, which is a violation of Paragraph 2 in Article 4 of the Operating Rules of the Taiwan Futures Exchange Corporation, and Paragraph 2 in Article 14 of the Taipei Exchange Business Regulations. Both the Financial Supervisory Commission and TAIFEX wrote to urge the Company to pay attention to this matter and take corrective action. (Jin-Guan-Zheng-Qi-Zi No. 1080306518 dated April 2, 2019, Jin-Guan-Zheng-Qi-Zi No. 1080341415 dated January 16, 2020, Tai-Qi-Fu-Zi No. 10804003581 dated April 26, 2019, Tai-Qi-Fu-Zi No. 10904001081 dated February 15, 2020).

Corrective action: Intensify the education of legal affairs for the staff. Make declaration on due time in the event of legal action deriving from futures trade.

3. Before proceeding to advertising for solicitation of business, sale personnel of the Company failed to make declaration with the Chinese National Futures Association, which is a violation of Article 14 of the Chinese National Futures Association Members and Futures Trust Fund Sale Representatives Regulations Governing the Advertising for Solicitation of Business and Sale Promotion. The association wrote to urge the Company to pay attention to this matter and take corrective action. (Zhong-Qi-Shang-Zi No. 1080004840 dated November 11, 2019)

Corrective action: A. Intensify the training of personnel in legal affairs. Review any advertising for solicitation of business through internal procedures and refer to the Futures Association for declaration before launching. B. Review of the negligence and punishment of the wrongdoing personnel.

(XI) Major resolutions of the General Meeting of shareholders and the Board in the most recent year to the date this report was printed.

1. Important resolutions and the implementation of the 2019 general shareholder meeting on May 23, 2019

Subject	Resolution	Implementation and
Acknowledging the Company's 2018 Business Report and Financial Statements. (The proposal was submitted by the Board of Directors)	This case was voted with 203,307,276 voting rights in favor (including 202,861,296 electronic voting rights), accounting for 98.79% of the total voting rights of the presenting shareholders. There were 6,645 voting right not in favor of the case (including 6,645 electronic voting rights). There were 2,491,747 waived/not voted and 0 voting right invalid. This case is	It was published in accordance with the resolutions reached in the general shareholder meeting on May 23, 2019.

	passed according to the resolution reached by voting in the board meeting.	
Acknowledging the Company's 2018 Earnings Distribution. (The proposal was submitted by the Board of Directors)	This case was voted with 203,453,764 voting rights in favor (including 203,007,784 electronic voting rights), accounting for 98.86% of the total voting rights of the presenting shareholders. There were 32,158 voting right not in favor of the case (including 32,158 electronic voting rights). There were 2,319,746 waived/not voted and 0 voting right invalid. This case is passed according to the resolution reached by voting in the board meeting.	The distribution was completed in accordance with the resolution reached in the general shareholders' meeting. Cash dividends for an amount of NT\$650,373,606 were distributed completely on June 28, 2019.
Partial amendments to the "Articles of Incorporation". (The proposal was submitted by the Board of Directors)	This case was voted with 203,454,181 voting rights in favor (including 203,008,201 electronic voting rights), accounting for 98.86% of the total voting rights of the presenting shareholders. There were 14,305 voting right not in favor of the case (including 14,305 electronic voting rights). There were 2,337,182 waived/not voted and 0 voting right invalid. This case is passed according to the resolution reached by voting in the board meeting.	Approved by the Ministry of Economic Affairs for making change in registration on June 12, 2019 with announcement tracked on record.
Please discuss the revision of the Company's "Regulations Governing the Acquisition or Disposal of Assets". (The proposal was submitted by the Board of Directors)	This case was voted with 203,389,175 voting rights in favor (including 203,008,195 electronic voting rights), accounting for 98.86 % of the total voting rights of the presenting shareholders. There were 14,312 voting right not in favor of the case (including 14,312 electronic voting rights). There were 2,402,181 waived/not voted and 0 voting right invalid. This case is passed according to the resolution reached by voting in the board meeting.	Announcement of resolution by Shareholders Meeting in regular session on record, proceed in accordance with the procedure after amendment.
Subject	Resolution of lifting the ban on competition (summary)	Execution
Proposal for lifting competition restrictions on the Company's directors. (The proposal was submitted by the Board of Directors)	The directors on the list of the non-competete clause lifted are as follows: Zheng-hua Sun; Mei-Ling Kuo	It was published in accordance with the resolutions reached in the general shareholder meeting on May 23, 2019.

2. Major resolutions of the Board of Directors meeting (dated 2019 to January 16, 2020)

Major resolutions of the 10th Meeting of the 10th Board of Directors on January 24, 2019

- (1) Approval of the financial plan of the Company in 2019.
- (2) Approval of the proposal to assess the independency of accountants, specify the reasons for replacement of CPAs; and appoint CPAs of PwC Taiwan to audit and certify the Company's 2019 financial statements and tax reports according to "Yuanta Futures Co., Ltd. Governance Best Practice Principles".
- (3) Approval of relevant transactions of securities issued by interested parties of trading in Proprietary Trading Department or self-regulatory objects.
- (4) The proposal for the trade of securities and the use of proprietary funds to trade the securities

issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject was approved.

- (5) It was duly resolved that where the Company concurrently acts as the leverage trader to engage in structured products and equity derivative financial instruments, amidst the transactions of different objectives, the interested parties or self-discipline negotiable securities as well as the relevant transaction toward the linked targets.

Major resolutions of the 11th Meeting of the 10th Board of Directors on March 6, 2019

- (1) Approval of the financial plan and development strategy of the Company in 2019.
- (2) Passed the date, place, agenda, accepting shareholder's proposal, and related matters of the 2019 general shareholder meeting.
- (3) Approval of the Company's 2018 "Declaration of Internal Control Policies".
- (4) Approval of the Company's 2018 "Anti-Money Laundering and the Combating the Financing of Terrorism & Declaration of Internal Control Policies".
- (5) Passed the motion of issuing 2018 "Declaration of Full-Scale Information Security Pursuit."
- (6) Amendment of the revision of the "Internal Control System" and the "Enforcement Rules of Internal Audit" of the Company.

Major resolutions of the 12th Meeting of the 10th Board of Directors on March 21, 2019

- (1) Approval of the Company's business report in 2018.
- (2) Approval of the Company's consolidated and individual financial statements for the year 2018.
- (3) Approval of the 2018 Employees' Remuneration Distribution.
- (4) Approval of the Company's earnings distribution in 2018.

Major resolutions of the 13th Meeting of the 10th Board of Directors on March 26, 2019

- (1) Approval of an amendment for part of the Company's "Articles of Incorporation".
- (2) Approval of partial amendments to the "Regulations Governing the Acquisition or Disposal of Assets".
- (3) Approval of the donation to Polaris Economic Research Center.
- (4) Approval of the donation to the interested party Yuanta Cultural & Educational Foundation.
- (5) Approval of relevant transactions of securities issued by interested parties of trading in Proprietary Trading Department or self-regulatory objects.
- (6) The proposal for the trade of securities and the use of proprietary funds to trade the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject was approved.
- (7) It was duly resolved that where the Company concurrently acts as the leverage trader to engage in structured products and equity derivative financial instruments, amidst the transactions of different objectives, the interested parties or self-discipline negotiable securities as well as the relevant transaction toward the linked targets.

Major resolutions of the 14th Meeting of the 10th Board of Directors on April 8, 2019

- (1) Approval of the amendment of the agenda of the Company's 2019 general shareholder meeting.
- (2) Approval of the case for non-competition of the Company's directors.

Major resolutions of the 15th Meeting of the 10th Board of Directors on May 2, 2019

- (1) Passed the motion of amendment to the "AML/CFT Assessment Policy," and "AML/CFT Plan" in part.
- (2) Passed the motion of joint efforts among 5 companies, including related party Yuanta Securities, in launching the "Urban Renewal Scheme" of Tatung Building, a piece of property of the Company.
- (3) The proposal for the use of proprietary funds to trade the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject was approved.

Major resolutions of the 16th Meeting of the 10th Board of Directors on May 27, 2019

- (1) Approval of the proposal to determine the ex-dividend date and distribution of 2018 cash dividends.
- (2) Approval of an amendment for part of the Company's "Rules Governing Trades with the

Stakeholders”.

- (3) Approval of an amendment for part of the Company’s “Transactions with Parties Governed by Self-Disciplinary Rules”.
- (4) Passed the motion of selling the “Yuanta Global Volatility Strategic Futures Trust Fund” newly raised by Yuanta Securities Investment Trust, a related party to the Company.
- (5) Approval of relevant transactions of securities issued by interested parties of trading in Proprietary Trading Department or self-regulatory objects.
- (6) The proposal for the trade of securities and the use of proprietary funds to trade the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject was approved.
- (7) It was duly resolved that where the Company concurrently acts as the leverage trader to engage in structured products and equity derivative financial instruments, amidst the transactions of different objectives, the interested parties or self-discipline negotiable securities as well as the relevant transaction toward the linked targets.

Major resolutions of the 17th Meeting of the 10th Board of Directors on June 26, 2019

- (1) Passed the motion of the institution of the “Standard Operation Procedure for Responding to the Request of Directors.”
- (2) Approval of the revision of the “Internal Control System” and the “Enforcement Rules of Internal Audit” of the Company.

Major resolutions of the 18th Meeting of the 10th Board of Directors on July 24, 2019

- (1) Approval of the revision of the “Internal Control System” and the “Enforcement Rules of Internal Audit” of the Company.
- (2) Approval of relevant transactions of securities issued by interested parties of trading in Proprietary Trading Department or self-regulatory objects.
- (3) It was duly resolved that where the Company concurrently acts as the leverage trader to engage in structured products and equity derivative financial instruments, amidst the transactions of different objectives, the interested parties or self-discipline negotiable securities as well as the relevant transaction toward the linked targets.
- (4) The proposal for the trade of securities and the use of proprietary funds to trade the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject was approved.
- (5) Approval of the 2018 Managers and Employees’ Remuneration Distribution.

Major resolutions of the 19th Meeting of the 19th Board of Directors on August 21, 2019

- (1) Approval of an amendment for part of the Company’s “Organizational Code of the Audit Committee”.
- (2) Approval of the treasury plan after the update in 2019.
- (3) Approval of the Company’s consolidated and individual financial statements for the first half of the year in 2019.
- (4) Passed the motion of amendment to the “Important Notice to and Standard Operation Procedure for Mergers and Acquisitions” in part.

Major resolutions of the 20th Meeting of the 10th Board of Directors on September 25, 2019

- (1) Passed the motion of the dissolution and liquidation of Sheng Yuan Futures (Samoa) Co., Limited, an investee firm of the Company.
- (2) Approval of relevant transactions of securities issued by interested parties of trading in Proprietary Trading Department or self-regulatory objects.
- (3) It was duly resolved that where the Company concurrently acts as the leverage trader to engage in structured products and equity derivative financial instruments, amidst the transactions of different objectives, the interested parties or self-discipline negotiable securities as well as the relevant transaction toward the linked targets.
- (4) The proposal for the trade of securities and the use of proprietary funds to trade the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject was approved.

Major resolutions of the 21th Meeting of the 10th Board of Directors on October 30, 2019

- (1) Approval of amendment for part of the Company's "Plans for Anti-Money Laundering and the Combating the Financing of Terrorism (AML-CFT)".

Major resolutions of the 22nd Meeting of the 10th Board of Directors on November 27, 2019

- (1) Approval of an amendment for part of the Company's "Performance evaluation rules of the Board of Directors and functional committee."
- (2) Passed the motion of raising capital through offering new shares.
- (3) Approval of the donation to the interested party Yuanta Cultural & Educational Foundation.
- (4) Approval of relevant transactions of securities issued by interested parties of trading in Proprietary Trading Department or self-regulatory objects.
- (5) It was duly resolved that where the Company concurrently acts as the leverage trader to engage in structured products and equity derivative financial instruments, amidst the transactions of different objectives, the interested parties or self-discipline negotiable securities as well as the relevant transaction toward the linked targets.
- (6) The proposal for the trade of securities and the use of proprietary funds to trade the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject was approved.
- (7) Passed the motion of the institution of the "Regulations Governing Employee Subscription of New Shares for Raising Capital in 2019."

Major resolutions of the 23th Meeting of the 10th Board of Directors on December 25, 2019

- (1) Passed the motion of donation to "Futures Development Fund."
- (2) The proposal for the stipulation of the Company's 2020 "All risk management Limit" was approved.
- (3) Approval of the establishment of the Company's 2020 audit plan.

Major resolutions of the 24th Meeting of the 10th Board of Directors on January 16, 2020

- (1) Approval of the financial plan of the Company in 2020.
- (2) Proposal to assess the independency of accountants, specify and explain the reasons for replacement of certified public accountants (CPAs), and certify the Company's 2020 financial statements and tax reports according to "Yuanta Futures Co., Ltd. Governance Best Practice Principles".
- (3) Approval of an amendment for part of the Company's "Policy in Evaluation of Anti-Money Laundering and the Combating the Financing of Terrorism (AML-CFT)."
- (4) Approval of relevant transactions of securities issued by interested parties of trading in Proprietary Trading Department or self-regulatory objects.
- (5) The proposal for the trade of securities and the use of proprietary funds to trade the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject was approved.

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

(XII) Documented opinions or declarations made by Directors or Supervisors against Board of Directors resolutions in the most recent year, up until the publishing date of this annual report: none.

(XIII) Resignation or discharge of persons related to financial reporting (including the Chairman, President, Chief Accounting Officer, Chief Financial Officer, Chief Internal Auditor, and Chief F&D Officer) in the most recent year to the date this report was printed: none.

V. Disclosure of CPAs' remuneration

Accountant firm	Name of CPA		Audit period	Remarks
PwC Taiwan	Chiao-Sen Lo	Hsiu-Ling Li	January to December 2019	

Amount scale		Fee	Audit remuneration	Non-audit remuneration	Total
1	Less than 2,000 thousand		✓	✓	
2	2,000(inclusive) thousand~4,000 thousand				
3	4,000(inclusive) thousand~6,000 thousand				
4	6,000(inclusive) thousand~8,000 thousand				
5	8,000(inclusive) thousand~10,000 thousand				
6	10,000 thousand above				

The Company makes individual disclosures of audit remuneration

Unit: NT\$ thousand

Accounting firm	Name of CPA	Audit remuneration	Non-audit remuneration					CPA auditing period	Remarks
			Policy design	License registration	Human resource	Others (Note)	Subtotal		
PwC Taiwan	Chiao-Sen Lo	1,920	0	0	0	186	186	2019 (2019/01/01~ 2019/12/31)	Transfer Pricing Report, Full-Time Non-Management Staff Salary Information Checklist, Direct Investment Organizational Structure Taxation Analysis.
	Hsiu-Ling Li								

Note 1: If there is any CPA or CPA Firm being replaced in current year, the auditing period should be indicated separately and the reason for such replacement should be detailed in the remark column; also, the information regarding the audit and non-audit fee paid should be disclosed.

Note 2: non-audit remuneration should be listed separately by service category. If the "Other" category amounts to 25% of total non-audit remuneration, then services must be detailed in the remarks column.

- (I) **Remuneration of non-audit services to CPAs, CPAs' firm and its affiliated companies that exceed one quarter of audit remuneration: none.**
- (II) **If a change in accounting firm resulted in a lower audit remuneration for that year compared to the previous year, the amount, percentage, and reason of the reduction must be disclosed: none.**
- (III) **If the audit remuneration was reduced by more than 10% from the previous year, the amount, percentage, and reasons for the reduction must be disclosed: none.**

VI. Change of CPA: None.

(I) Information relating to the former CPA

Date of reappointment	January 24, 2019 (date of resolution agreed by the Board)			
Reason for reappointment	In response to change in organization inside the office, starting from Quarter One, 2019, the Company changed the certifying Certified Public Accountants.			
Was the termination of audit services initiated by the principal or by the CPA	Participants	CPA	Principal	
	Situation			
	Service terminated by	—	V	
	Service no longer accepted (continued) by	—	—	
Reasons for issuing opinions other than unqualified opinions in the recent 2 years	None			
Disagreements with the issuer	Yes		Accounting policy or practice	
			Financial statement disclosure	
			Audit coverage or procedures	
			Others	
	None	V		
Description				
Other disclosures (Disclosures deemed necessary under Article 10.6.1.4~ Article 10.6.1.7 of The Guidelines)	None			

(II) Information relating to the succeeding CPA

Name of firm	PwC Taiwan
Name of CPA	Chiao-Sen Lo, Hsiu-Ling Li
Date of reappointment	January 24, 2019 (date of resolution agreed by the Board)
Inquiries and replies relating to the accounting practices or accounting principles of certain transactions, or any audit opinions the auditors were likely to issue and counseling results on the financial reports prior to reappointment.	None
Written disagreements from the succeeding auditor against the opinions made by the former CPA	None

(III) Former auditor's reply to Articles 10-6-1 and 10-6-2-3 of The Guidelines

1. The former auditor had replied to the above issues.
2. The auditor's reply clarified that there were no disagreements with the management regarding the accounting principles, audit procedures, or any other aspects.

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

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

(I) Shareholding transfers and changes in shares collateralized

Unit: shares

Title	Name	2019		Up till January 31, 2020	
		Increase (decrease) in shares held	Increase (decrease) in shares collateralized	Increase (decrease) in shares held	Increase (decrease) in shares collateralized
Director and major shareholder	Yuanta Financial Holding Co., Ltd.	0	0	0	0
Chairman	Tien-Fu Lin	0	0	0	0
Director	Hsiao-Ling Chou	0	0	0	0
Director	Yueh-Tsang Li	0	0	0	0
Director	Hsien-Tao Chiu	0	0	0	0
Director	Hsiu-Wei Chen (dismissal on April 1, 2019)	0	0	0	0
Director	Zheng-hua Sun (onboard on April 1, 2019)	0	0	0	0
Director	Shao-Hsing Kung (dismissal on April 8, 2019)	0	0	0	0
Director	Mei-Ling Kuo (onboard on April 8, 2019)	0	0	0	0
Independent Director	Cho-Min Yu	0	0	0	0
Independent Director	Ching-Shan Hung (resigned on December 30, 2019)	0	0	0	0
Independent Director	Nai-Kuan Huang	0	0	0	0
President	Hsiao-Ling Chou	0	0	0	0
Executive Vice President	Chun-Chieh Wang	0	0	0	0
Executive Vice President	Kuo-Chun Hsu	0	0	0	0
Senior vice president	Chia-Ling Tsai	0	0	0	0
Senior vice president	Shu-Fang Chen	0	0	0	0
Senior vice president	Yi-Jui Kao	0	0	0	0
Senior vice president	Lai-E Yen	0	0	0	0
Senior vice president	Min-Fang Wu	0	0	0	0
Vice President	Lee-Ling Chien	0	0	0	0
Vice President	Ching-Yee Chang	0	0	0	0
Vice President	Wei-Pin Chuang	0	0	0	0
Vice President	Lin Chun-Liang (resigned on August 1, 2019)	0	0	0	0
Vice President	Lin Shis-Ming (onboard on March 1, 2020)	0	0	0	0
Vice President (Chief Financial Accounting Officer)	Liang-Huei Yuan	0	0	0	0

Title	Name	2018		Up till January 31, 2019	
		Increase (decrease) in shares held	Increase (decrease) in shares collateralized	Increase (decrease) in shares held	Increase (decrease) in shares collateralized
Vice President	Chun-Hao Chang	0	0	0	0
Senior Assistant Vice Presidents	Cheng-Kang Wu	0	0	0	0
Senior Assistant Vice Presidents	Shu-Fen Kung (discharged on April 8, 2019)	0	0	0	0
Senior Assistant Vice Presidents	Yu-Hong Chen	0	0	0	0
Senior Assistant Vice Presidents	Hsiu-Ling Chung	0	0	0	0
Assistant Manager	Hsin-Hsien Li	0	0	0	0
Senior Managers	Li-Li Lin	0	0	0	0
Senior Managers	Yu-Han Hung (discharged on January 1, 2019)	0	0	0	0
Senior Managers	Min-Jun Huang (resigned on March 1, 2020)	0	0	0	0
Professional Manager	Po-Hsien Li (resigned on November 1, 2019)	0	0	0	0
Professional Manager	Chao-Yi Kuo (onboard on November 1, 2019)	0	0	0	0
Managers,	Chia-Hui Hu	0	0	0	0
Managers,	Chien-Yi Li (onboard on March 1, 2020)	0	0	0	0
Branch Manager	Hsieh-Cheng Li (resigned on March 1, 2020)	0	0	0	0
Branch Manager	Chien-Ling Hsu (onboard on March 1, 2020)	0	0	0	0
Branch Manager	Tsung-Hsiang Chen	0	0	0	0
Branch Manager	Guo-Liang Wang	0	0	0	0
Branch Manager	Feng-An Liu	0	0	0	0

Note 1: The Company has phased out the seats of supervisors since May 23, 2012 and related information was disclosed to the date the supervisors were resigned (discharged).

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

(II) Transfer of shareholding: None.

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

(III) Shares collateralized: None.

Name	Reason for change in collateralized shares	Date of change	Counterparty	Counterparty's relationship with The Company, Directors, Supervisors, and shareholders with more than 10% ownership interest	Shares	Shareholding percentage	Percentage placed as collateral	Amount secured (redeemed)
Not a counterparty	-	-	-	-	-	-	-	-

IX. Relationships among The Company's top ten shareholders including spouses, second degree relatives or closer

Date of information: June 14, 2019

Name	Shares Held In Own Name		Shareholdings of spouse and underage children		Shares Held In The Names Of Others		Among the top 10 shareholders, there are related parties, spouse to each other, and kindred within the 2 nd tier under the Civil Code, and the name and affiliation, if applicable.		Remarks
	Shares (Thousand Shares)	Shareholding percentage	Shares (Thousand Shares)	Shareholding percentage	Shares (Thousand Shares)	Shareholding percentage	Name	Relationship	
Yuanta Financial Holding Co., Ltd. Representative: Ding-Chen Shen	159,467	68.65%	0	0%	0	0%	None	None	None
Cathay Life Insurance Co. Ltd. Representative: Huang, Tiao Kuei	20,052	8.63%	0	0%	0	0%	None	None	None
ROSENTHAL COLLINS GROUP LTD Representative: Chung, Yi-Chen	17,004	7.32%	0	0%	0	0%	None	None	None
Nan Shan Life Insurance Co. Ltd. Representative: Tu, Ying-Tsung	2,266	0.98%	0	0%	0	0%	None	None	None
Taiwan Opportunity Fund investment account entrusted to Deutsche Bank	1,115	0.48%	0	0%	0	0%	None	None	None
Mao-Lang Huang	721	0.31%	0	0%	0	0%	None	None	None
Chien Chou, Li	501	0.22%	0	0%	0	0%	None	None	None
The trust account entrusted by Chunfeng Lin to Qintzu Lin.	500	0.22%	0	0%	0	0%	None	None	None
HSBC entrusted with Goldman Sachs International investment accounts	491	0.21%	0	0%	0	0%	None	None	None
HSBC entrusted with Morgan Stanley International Limited accounts	406	0.17%	0	0%	0	0%	None	None	None

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

Date of information: January 31, 2020

Unit: thousand shares

Invested businesses	Invested by The Company		Held by directors, supervisors, managers, and directly or indirectly controlled enterprises		Aggregate investment	
	Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage
Yuanta Futures (Hong Kong) Limited	34,000	100%	-	-	34,000	100%
SYF Information Co., Ltd.	35,000	100%	-	-	35,000	100%
SYF Information (SAMOA) Limited	5,800	100%	-	-	5,800	100%
SYF Information (Shanghai) Limited	- (Note)	100%	-	-	-	100%

Note: The company is organized as a limited company; therefore, it is with stock rights but not stock shares.

Yuanta Futures Co., Ltd.

Declaration of Internal Control Policies

Date: February 26, 2020

The following declaration is based on the 2019 self-audit over the Company's internal control policies:

- I. The Company is aware that the establishment, execution, and maintenance of its internal control policies are the responsibilities of the Company's board of directors and managers. These policies were implemented throughout the Company. The purpose is to provide a reasonable assurance on the achievement of the goals, including the effectiveness and efficiency of operations (including profitability, performance and security of assets, etc.) and the report with effectiveness, timeliness, transparency, and compliance with the relevant requirements and regulations and laws.
- II. Internal control policies are prone to limitations. No matter how robustly designed, effective internal control policies merely provide reasonable assurance to the achievements of the three goals above. Furthermore, environmental and situational changes may affect the effectiveness of internal control policies. However, self-supervision measures were implemented within the Company's internal control policies to facilitate immediate rectification once procedural flaws have been identified.
- III. The Company evaluates the effectiveness of its internal control policy design and execution based on the criteria specified in "Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets" (hereinafter referred to as "The Governing Principles"). The criteria introduced by "The Governing Principles" consisted of five major elements, each representing a different stage of internal control: 1. Control environment, 2. Risk evaluation and response, 3. Procedural control, 4. Information and communication, 5. Supervision. Each element further contains several items. Please refer to "The Governing Principles" for details.
- IV. The Company adopted the abovementioned criteria to evaluate the effectiveness of its policy design and execution.
- V. The Company proceeded to offset the position in favor of the transaction party before sending the high risk notice, and the risk indicator of the transaction party is at the limit for offset but no action has been taken for such purpose, and no establishment of related bypassing backup procedure resulted in a penalty to the Company by the Financial Supervisory Commission with a fine of NT\$360,000. Corrective action addressing the aforementioned mistakes has been taken without any influence on the attainment of the objectives under the internal control system.
- VI. The Company, according to the aforementioned assessment results, thinks the Company's internal control system (including the supervision and management over the subsidiaries) on December 31, 2019, including understanding the effectiveness and efficiency of operations, reporting the internal control design and implementation with effectiveness, timeliness, transparency, and compliance with the relevant requirements and regulations and laws; therefore, a reasonable assurance on the achievement of the aforementioned goals is provided.
- VII. This declaration forms part of the main contents of the company's annual report and prospectus, and shall be disclosed to the public. Any illegal misrepresentation or non-disclosure relating to the public statement above are subject to the legal consequences under Articles 115 of the Futures Trading Act and Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VIII. This declaration was approved by the Company's Board of Directors in the meeting dated February 26, 2020. None of the 8 directors present to the meeting held any objections, and had unanimously agreed to the contents of this declaration.

Yuanta Futures Co., Ltd.

Chairman: (Signature)

President: (Signature)

Reinforcement and Improvement Plan of Yuanta Futures Internal Control System

Enhancement Items	Improvement Measures	Planned Date of Completion
<p>Before sending a notice of high-risk accounts, the Company offset the position of the transaction party concerned. The account risk indicator of the transaction party concerned falls below 25% and the Company failed to proceed to offset the position, with no establishment of backup procedures and testing, which is a violation of Paragraph 2 in Article 2 of the Regulations Governing Futures Commission Merchants. A fine of NT\$360,000 was imposed on the Company by the Financial Supervisory Commission. (Jin-Guan-Zheng-Qi-Fa-Zi No. 1080306233 dated March 7, 2019)</p>	<ol style="list-style-type: none"> 1. The item of notification record was introduced to the system, the settlement staff has to confirm notification of high risk in the first place before proceeding to square up the position. 2. Intensify the education on law for the staff such that when the risk indicator falls below 25%, proceed to square up the position for the clients. 3. The bypassing procedure for backup is included into the system in the internal code with proper exercise drills conducted. 	<p>Corrective action accomplished</p>
<p>The Company is involved in legal proceedings of futures operation due to the failure to declare within 5 business days, which is a violation of Paragraph 2 in Article 4 of the Operating Rules of the Taiwan Futures Exchange Corporation, and Paragraph 2 in Article 14 of the Taipei Exchange Business Regulations. Both the Financial Supervisory Commission and TAIFEX wrote to urge the Company to pay attention to this matter and take corrective action. (Jin-Guan-Zheng-Qi-Zi No. 1080306518 dated April 2, 2019, Jin-Guan-Zheng-Qi-Zi No. 1080341415 dated January 16, 2020, Tai-Qi-Fu-Zi No. 10804003581 dated April 26, 2019, Tai-Qi-Fu-Zi No. 10904001081 dated February 15, 2020).</p>	<p>Intensify the education of legal affairs for the staff. Make declaration on due time in the event of legal action deriving from futures trade.</p>	<p>Corrective action accomplished</p>
<p>Before proceeding to advertising for solicitation of business, sale personnel of the Company failed to declared with the Chinese National Futures Association, which is a violation of Article 14 of the Chinese National Futures Association Members and Futures Trust Fund Sale Representatives Regulations Governing the Advertising for Solicitation of Business and Sale Promotion. The association wrote to urge the Company to pay attention to this matter and take corrective action. (Zhong-Qi-Shang-Zi No. 1080004840 dated November 11, 2019)</p>	<ol style="list-style-type: none"> 1. Intensify the training of personnel in legal affairs. Review any advertising for solicitation of business through internal procedure and refer to the Futures Association for declaration before launching. 2. Review of the negligence and punishment of the wrongdoing personnel. 	<p>Corrective action accomplished</p>

Note: Warning or more severe punishment or a fine of NT\$240,000 or more by the Financial Supervisory Commission in the year.

Four. Funding Status

I. Capital and outstanding shares

(I) Share category

January 31, 2020; unit: shares

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

(II) Share capital composition

Unit: thousand shares; NT\$ thousand

Year / month	Issue price	Authorized capital		Paid-up capital		Remarks		
		Shares	Amount	Shares	Amount	Source of capital	Paid in properties other than cash	Others
1997.04	10	20,000	200,000	20,000	200,000	Initial share capital NT\$200,000 thousand	—	Note 1
1998.02	10	50,000	500,000	50,000	500,000	Cash issue totaling 300,000 thousand dollars	—	Note 2
1998.05	10	60,000	600,000	60,000	600,000	Cash issue totaling 100,000 thousand dollars	—	Note 3
1999.07	10	61,500	615,000	61,500	615,000	Cash issue totaling 15,000 thousand dollars	—	Note 4
2000.08	10	63,000	630,000	63,000	630,000	Cash issue totaling 15,000 thousand dollars	—	Note 5
2003.09	10	109,580	1,095,800	109,580	1,095,800	Cash issue for merger \$465,800 thousand	Issued new shares for the merger with Refco Taiwan Co., Ltd.	Note 6
2003.11	10	64,500	645,000	64,500	645,000	Capital reduction totaling 450,800 thousand dollars	None	Note 7
2005.07	10	90,000	900,000	72,240	722,400	Capitalization of retained earnings totaling 77,400 thousand dollars	None	Note 8
2006.07	10	90,000	900,000	80,186	801,864	Capitalization of retained earnings totaling 79,464 thousand dollars	None	Note 9
2007.07	10	200,000	2,000,000	95,101	951,011	Capitalization of retained earnings totaling 149,147 thousand dollars	None	Note 10
2007.07	10	200,000	2,000,000	97,483	974,826	Employees' stock bonus totaling 23,815 thousand dollars	None	Note 10
2007.10	10	200,000	2,000,000	109,673	1,096,726	Cash issue totaling 121,900 thousand dollars	None	Note 11
2008.07	10	200,000	2,000,000	128,536	1,285,363	Capitalization of retained earnings totaling 188,637 thousand dollars	None	Note 12
2008.07	10	200,000	2,000,000	131,276	1,312,763	Employees' stock bonus totaling 27,400 thousand dollars	None	Note 12
2012.01	10	250,000	2,500,000	232,276	2,322,763	Cash issue for merger \$1,010,000 thousand	Acquisition of Yuanta Futures for the issuance of new shares	Note 13

Note 1: Approved under Notice (86) Tai-Tsai-Cheng-(5)-47814 dated 1997.04.09.
 Note 2: Approved under Notice (86) Tai-Tsai-Cheng-(5)-88889 dated 1997.12.08.
 Note 3: Approved under Notice (87) Tai-Tsai-Cheng-(7)-28749 dated 1998.04.16.
 Note 4: Approved under Notice (88) Tai-Tsai-Cheng-(7)-54910 dated 1999.06.11.
 Note 5: Approved under Notice (89) Tai-Tsai-Cheng-(7)-59655 dated 2000.07.12.
 Note 6: Approved under Notice Tai-Tsai-Cheng-7-Zi No. 0920137311 dated 2003.08.18.
 Note 7: Approved under Notice Tai-Tsai-Cheng-7-Zi No. 0920154137 dated 2003.11.14.
 Note 8: Approved under Notice Jin-Guan-Zheng-7-Zi No. 0940128511 dated 2005.07.19.
 Note 9: Approved under Notice Jin-Guan-Zheng-7-Zi No. 0950129316 dated 2006.07.28.
 Note 10: Approved under Notice Jin-Guan-Zheng-7-Zi No. 0960038332 dated 2007.07.18.
 Note 11: Approved under Notice Jin-Guan-Zheng-7-Zi No. 0960057731 dated 2007.10.17.
 Note 12: Approved under Notice Jin-Guan-Zheng-7-Zi No. 0970032354 dated 2008.06.30.
 Note 13: Approved under Notice Jin-Guan-Zheng-Chi Zi No. 1000064718 dated 2012.01.16.

(III) Ownership diversification

1. Shareholders structure

Face value at ten dollars per share; the base date: June 14, 2019

Shareholders structure	Number of shareholders	Number of shares held (shares)	Shareholding percentage (%)
Investment of government agency	0	0	0%
Investment of domestic financial institution	5	23,267,000	10.02%
Investment of domestic securities investment trust fund	0	0	0%
Investment of domestic institutional investor	39	178,777,379	76.97%
Investment of domestic other institutional investors	2	1,641	0%
Investment of foreign financial institution	1	83,000	0.04%
Investment of foreign institutional investors	0	0	0%
Investment of foreign securities investment trust fund	54	4,218,500	1.82%
Investment of domestic natural person	12,265	25,830,639	11.10%
Investment of foreigner with ROC identity card	5	82,720	0.04%
Investment of people in Mainland China	0	0	0%
Investment of investment institutions in Mainland China	0	0	0%
Investment of foreign natural person	12	15,409	0.01%
Total	12,383	232,276,288	100.00%

Note: Companies initially listed at TWSE (TPEx) or in the emerging stock market shall disclose the proportion of investment from Mainland China. Investment from Mainland China refers to investment from the people, legal entities, organizations, or other institutions prescribed in Article 3 of the Regulations Governing the Investment of People from Mainland China in Taiwan, or the investment of the aforementioned people, legal entities, organizations, or other institutions in a third region.

2. Ownership diversification

(1) Ordinary shares Face value at ten dollars per share; the base date: June 14, 2019

Shareholding range	Number of shareholders	Number of shares held (shares)	Shareholding percentage (%)
1 to 999	8251	156,938	0.07%
1,000 to 5,000	3188	6,245,243	2.69%
5,001 to 10,000	440	3,477,211	1.5%
10,001 to 15,000	131	1,687,886	0.73%
15,001 to 20,000	101	1,866,607	0.8%
20,001 to 30,000	105	2,740,189	1.18%
30,001 to 40,000	39	1,380,139	0.59%
40,001 to 50,000	29	1,348,514	0.58%
50,001 to 100,000	47	3,443,284	1.48%
100,001 to 200,000	30	4,225,000	1.82%
200,001 to 400,000	12	3,182,001	1.37%
400,001 to 600,000	4	1,898,000	0.82%
600,001 to 800,000	1	720,712	0.31%
800,001 to 1,000,000	0	0	0%
1,000,001 and above	5	199,904,564	86.06%
Total	12,383	232,276,288	100%

(2) Preference shares: none.

3. List of major shareholders

Base date: June 14, 2019

Name of major shareholder	Shareholding	Number of shares held (shares)	Shareholding percentage (%)
Yuanta Financial Holding Co., Ltd.		159,467,282	68.65%
Cathay Life Insurance Co. Ltd.		20,052,000	8.63%
ROSENTHAL COLLINS GROUP LTD		17,004,282	7.32%
Nan Shan Life Insurance Co. Ltd.		2,266,000	0.98%
Taiwan Opportunity Fund investment account entrusted to Deutsche Bank		1,115,000	0.48%
Mao-Lang Huang		720,712	0.31%
Chien Chou, Li		501,000	0.22%
The trust account entrusted by Chunfeng Lin to Qintzu Lin.		500,000	0.22%
HSBC entrusted with Goldman Sachs International investment accounts		491,000	0.21%
HSBC entrusted with Morgan Stanley International Limited accounts		406,000	0.17%

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

Unit: NT\$; shares

Item		Year	2018	2019	Year-to-date January 31, 2020
Market price per share (Note 1)	Highest		49.50	57.00	56.00
	Lowest		39.15	42.80	54.30
	Average		42.22	50.18	55.53
Net worth per share (Note 2)	Before dividend distribution		35.39	38.13	-
	After dividend distribution		32.59	34.68 (Note 9)	-
Earnings per share	Weighted average outstanding shares		232,276,288	232,276,288	232,276,288
	Earnings per share (Note 3)	Before adjustment	4.31	4.89	-
		After adjustment	4.31	4.89 (Note 9)	-
Dividends per share	Cash dividend		2.80	3.20 (Note 9)	-
	Stock dividends	-	-	-	-
		-	-	-	-
	Cumulative undistributed dividends (Note 4)		-	-	-
Analysis of investment returns	P/E ratio (Note 5)		9.80	10.26	-
	Price to dividends ratio (Note 6)		15.08	15.68	-
	Cash dividend yield (Note 7)		6.63%	6.38%	-

Note 1: List the highest and lowest share price in each year, and calculate the average market price by weighing transacted prices against transacted volumes.

Note 2: Please calculate based on the number of outstanding shares at year-end, and detail the amount of distribution resolved in next year's shareholders meeting.

Note 3: If stock dividends are issued, make retrospective adjustments while disclosing EPS before and after the adjustments.

Note 4: If equity securities are issued with terms that allow dividends to be accrued and accumulated until the the year the company makes profit, then the amount of cumulative undistributed dividends up till the current year must be disclosed separately.

Note 5: P/E ratio = Average closing price per share for the year / earnings per share.

Note 6: Price to dividend ratio = Average closing price per share for the year / cash dividends per share.

Note 7: Cash dividend yield = Cash dividend per share / average closing price per share for the current year.

Note 8: The 2019 earnings appropriation is subject to approval during the annual general meeting on May 27, 2020.

Note 9: The figures for distribution resolved by the Board on March 19, 2020 pending on the final decision of the General Meeting of shareholders.

Note 10: Net worth per share and earnings per share should be based on audited (auditor-reviewed) data as at the latest quarter before the publishing date of this annual report. For all other fields, data should be provided as at the end of their respective years.

(V) The company's dividend policies and execution

1. Dividend policies stated in The Company's Articles of Incorporation

In response to the Article 18 Paragraph 3 of the "Regulations Governing Futures Commission Merchants" added and published on August 2, 2016 and the Jin-Guan-Zheng-Juan-Zi No. 10500278285 Order published by the Financial Supervisory Commission on August 5,

2016, request the futures commission merchants appropriating special reserve for an amount equivalent to 0.5~1% of the net income in the fiscal year of 2016~2018 to pay for the expense related to staff education and training, job transfer, or placement. The Company's dividend policy will be implemented in accordance with Article 29 of the Company's Articles of Association once the amendment of the Articles of Association is resolved in the general shareholders' meeting on May 17, 2017. After paying tax and making up for the accumulated losses with the annual earnings, the Company shall appropriate 10% of the remaining earnings as legal reserve, 20% of the remaining earnings and additional 0.5% as special reserve according to the Jin-Guan-Zheng-Juan-Zi No. 10500278285 Order. The remaining balance amount plus the unappropriated earnings of previous years should be distributed to shareholders according to the proposal of the Board of Directors and the resolution reached in the Shareholders' meeting. The appropriation can be ceased when the aforementioned legal reserve amount equals to the Company's paid-in capital.

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

2. Dividend distribution proposed for the next annual general meeting

The Company's 2019 earnings distribution proposal was resolved in the board meeting on March 19, 2020, of which, shareholder's cash dividends amounted to NT\$799,924,122 (NT\$3.2 per share) that will be discussed in the general shareholder meeting on May 27, 2020. Once it is resolved in the shareholder meeting, the Board of Directors will be authorized to schedule the base line date for dividend distribution.

(VI) Impacts on business performance and earnings per share if the stock dividend proposal is approved during the annual general meeting: no stock dividend proposal has been raised for the shareholders meeting, thus not applicable.

(VII) Employee compensation and remuneration to directors

1. Proportion or range of employees compensation and Directors' remuneration specified in the Articles of Incorporation

Article 29, Paragraphs 1 to 3 of the Company's Articles of Incorporation are to be advised to "After paying tax and making up for the accumulated losses with the annual earnings, the Company shall appropriate 10% of the remaining earnings as legal reserve, 20% of the remaining earnings as special reserve and with the special reserve appropriated or reversed according to the law and regulations before distributing earnings. The remaining balance amount plus the unappropriated earnings of previous years should be distributed to shareholders according to the proposal of the Board of Directors and the resolution reached in the Shareholders' meeting." The appropriation of the legal reserve referred to in the preceding paragraph can be exempted when it is equivalent to the Company's paid-in capital. To incentivize employees and the management team, this Company shall appropriate one per-mille (1‰) to five per-cent (5%) of the balance from deducting the accumulated deficits from the profit of the year (e.g. income before tax deducting the income before deducting the compensation for employees). In addition, when distributing the compensation for employees in stock or in cash, the scope of recipients may cover employees of companies under the control of or affiliated to this Company fulfilling certain requirements. The said "certain requirements" shall be determined by the Board of Directors. 」

In addition, according to the amendment of the Articles of Association, the Company has no longer distributing remuneration to directors since the year of 2015.

2. The accounting treatment for the difference, if any, among the current estimated compensation to employees and remuneration to directors, the number of shares applied for the calculation of stock dividend, the actual distribution amount, and the estimated amount: **There is no difference.**

3. Employees' and Directors' remuneration resolved by the Board of Directors
 - (1) BOD approved that the 2019 earnings will be distributed in cash. The 2019 compensation for employees amounts to NT\$3,676,336, while that of directors is zero.
 - (2) The proportion of amount equivalent to the stock distributed as compensation for employees in the earnings after tax in the individual or consolidated financial statement of the period and the total amount of compensation for employees: **NA**.
4. Employees' and Directors' remuneration made in the previous year

The proposal for the distribution of 2018 compensation for employees and directors was approved by BOD and reported to the meeting of shareholders. There is no difference between the exact amount of distribution and the proposed amount of distribution. The 2018 compensation for employees amounts to NT\$3,424,700, while that of directors is zero.
5. All information pertaining employees' bonus and remuneration to Directors has been disclosed on the Market Observation Post System. To inquire, please access (<http://mops.twse.com.tw/mops/web/index>) and click "Shareholders meeting and Dividends", followed by "AGM and Dividends - Proposed by the Board of Directors" or "AGM and Dividends - Resolved during the AGM"; input the proper search criteria (which is The Company's stock code: 6023)

(VIII) Shares repurchased by The Company: none.

II. Disclosure relating to corporate bonds: none.

III. Disclosure relating to preference shares: none.

IV. Disclosure relating to depository receipts: none.

V. Employee stock warrants: none.

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

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

(I) The following disclosures are applicable for any issuance of new shares in exchange of other company shares during the latest year, up till the publication date of this annual report: not applicable.

1. Yuanta Futures: **None**.
2. Subsidiaries of Yuanta Polaris Futures: **None**.

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

1. Yuanta Futures: **None**.
2. Subsidiaries of Yuanta Polaris Futures: **None**.

VIII. Progress on the use of funds:

- (I) Plan: **not applicable**.
- (II) Progress: **not applicable**.

Five. Business performance

I. Content of business

Yuanta Futures Co., Ltd.

(I) Business scope

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

1. Principal business activities:

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

2. Business weightage

Unit: NT\$ thousand; %

Item \ Year	2018		2019	
	Operating revenues	Ratio (%)	Operating revenues	Ratio (%)
Brokerage revenue	3,527,835	97%	2,808,416	96%
Income from proprietary trade	84,092	2%	89,357	3%
Consultancy income	14,259	1%	11,766	1%
Other income	12,110	0%	8,787	0%
Total	3,638,296	100%	2,918,326	100%

Source: consolidated audited financial statements

3. The Company's current products (services)

- (1) Futures brokerage
 - ① Consigned trading of futures and options contracts over Taiwan Futures Exchange.
 - ② Consigned trading of U.S., Singaporean, Japanese, Hong Kong, and European futures and options.
- (2) Proprietary futures trading
 - ① Proprietary trading of domestic and offshore futures/options.
 - ② Market-making for futures and options to create liquidity.
- (3) Futures consultation
 - ① Provides analyses, opinions, or recommendations on futures trading, futures trust funds, the underlying, or any other instruments or investments approved by the competent authority.
 - ② Makes futures related publications.
 - ③ Organizes futures related seminars and campaigns.
- (4) Futures clearing and settlement, and clearing and settlement service.

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

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

The scope of leveraged margin trade contracts covers bonds, interest rate, equity, credit derivatives, assets swap, structured products and foreign currency surety, a total of 7 categories.

4. Planned developments for new products (services)

- (1) Development of new digital service experience:

In responding to the rising demand for hedging in the global futures market, the Company provided full-range futures option services and unveiled the first composite information integration service APP of the industry comprising information on the 8 major categories of futures and futures options research reports of the world, and introduced innovative services of smart shopping mart and economic subscription to satisfy the needs of customers in the diversity of information. The Company also introduced the dynamic smart strategic management system to sort out the optimal strategy through artificial intelligence computation to create an exclusive futures option dealing room for the customers.
- (2) Expansion to the offshore market:

The Company established cross-border overseas business locations to create an international trading platform across the markets in different countries to provide a variety of product lines for global trade across America, Europe, and Asia, and also established the clearing and settlement center of major futures exchanges of the world in order to expand the B2B business to materialize service for the economy in real-time.
- (3) Leverage Transaction Merchants:

The Company developed leverage margin trade and derivative trade in foreign currencies, and developed innovative and diversified financial products, introduced the international financial platform, aligned with the OTC markets of Asia. With the capacity of developing innovative products, the Company established differentiated products and services in the industry to satisfy the needs of customers in diversity of products, and created a new engine for brokerage income.

(II) Industry overview

1. Current industry conditions

(1) Existing market participants

As of December 31, 2019, the futures brokerage participants numbered 76, with a total of 879 operating strongholds. Including 14 special full-time futures brokers (with 31 operating strongholds), 15 concurrent futures brokers (with 102 operating strongholds) and 47 futures introducing brokers (with 746 operating strongholds). In the area of proprietary trade, the Company has worked with 12 futures firms and 20 financial institutions running proprietary futures trade. In terms of leveraged traders, the Company became the first domestic leveraged trader in 2015 and there were only 3 leveraged traders in 2019. In the area of clearing and settlement, the Company has 21 general clearing members, 8 individual clearing members, and 9 clearing banks.

Among the above classifications, The Company is a specialized futures commission merchant, a specialized proprietary trader, an ordinary clearing member, a composite futures consultation firm, and leveraged traders. In addition, in terms of brokerage, the Company

has a total of 24 future introducing brokers, including Yuanta Securities, respectively, Da-Din Securities, Cosmos Securities, Fengnong Securities, Jih-Mao Securities, Easytrade Securities, Yung Shin Securities, Boom Securities, Kuanzho Securities, Jingang Securities, Yingyi Securities, iNG Securities, Quan Thai Securities, Taichung Bank Securities, Sunny Securities, Union Securities, Chungnourn Securities, Taiwan Cooperative Securities, Concord International Securities Co., Ltd., Grand Fortune Securities, Yung Cyuan Securities, BankTaiwan Securities, Ta Chan Securities and Taiwan Business Bank . There are 5 clearing houses: Yuanta Securities, Optiver Securities Trading, Oriental Securities, Oriental Securities Trading, Taiwan Cooperative Trading.

(2) Customer structure

The volatility of the futures market in Taiwan in 2019 was 10.71%, which was lower than the 16.21% in the same period of 2018. Nighttime trade volume amounted to 54.8 million lots, which accounted for 29.8% of the daytime trade of the same commodity. Trading was active. The overall trading volume indicated moderate rebound from 2018 but there was still the level of 261 million lots. Of all the transactions, TAIEX options accounted for 170 million lots, TAIEX futures accounted for 34 million lots, Mini-TAIEX futures accounted for 29 million lots, and stock futures accounted for 20 million lots. The newly launched G2F futures and Nasdaq-100 futures also traded at 42,000 lots and 76,000 lots by volume. The official statistics of the Taiwan Futures Exchange revealed that as of December 31, 2019, there were 1,859,742 natural person (individual) accounts accumulated, growing by 3.18% over the figure of 1,802,391 as of December 31, 2018. The number of juristic person accounts came to 10,554 accounts, growing by 2.36% as compared with 10,311 accounts as of December 31, 2018.

2. Industry development

(1) Market participants' trends

In general, the development of the futures IB firms tended to be polarized. The big firms have been getting bigger while the small firms were shrinking. This is particularly the case if the futures firms are subsidiaries of financial holding companies, which have demonstrated their strong performance. The overall performance in 2019 indicated all the 14 futures commission merchants made profits. In terms of business operations, futures is a financial industry with steady profit, because it is suitable for both long and short investments, and the business cycle is the only factor affecting the industry.

(2) Trend in customer structure

The client structure indicated the ratio of 48:52 between natural persons and institutions by trading volume remain unchanged for the time being. TAIFEX spares no effort in launching the diversification of products and continues to unveil promotional events for the institutional investors, and holds conferences and seminars to motivate the domestic and foreign institutional investors to participate in the market. As for natural persons in general, due to the continuing development of new products in the futures market, promoting new systems, lifting relevant trading qualifications laws, as well as the industry's striving to propose a positive and effective marketing program, the number of new accounts has been growing stably in recent years. Looking forward to 2020, it is expected that spot trade of stocks in Taiwan will gradually pick up its momentum on March 23, which is favorable for the close association between futures and spot trade.

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

The primary function of a futures commission merchant is to supply derivative instruments into the market, whether the underlying assets are shares, foreign currencies, interest rates, agricultural commodities, precious metal, or energy. These instruments allow commodity suppliers or buyers to lock in their prices during volatile times, so that that can transfer price risks within the futures market and run their businesses with more certainty. Therefore, the futures market is where hedgers, speculators, and arbitragers transact for their own causes, and is necessary to achieving free market economy. In futures market does not have upstream, mid-stream, or downstream connections as does manufacturing.

4. The development trends for each product

Instruments traded over the market in 2019 consisted mainly of domestic futures, domestic options, U.S., Japanese, Singaporean, Hong Kong, and European instruments. Domestic futures mainly consisted of index futures, while trading for domestic options was mainly concentrated in options on index futures. U.S. instruments consisted mainly of foreign currency futures, stock index futures, interest rate futures, gold futures, agricultural commodity futures, and energy futures. The stock index futures are the main commodities traded at Japanese Futures Exchange. Singaporean instruments consisted mainly of MSCI Taiwan index futures, A50 and Nikkei 225 futures. Hong Kong instruments consisted mainly of Heng Seng and H Stock Index futures. European instruments consisted mainly of Euro bonds and Dow Jones Euro STOXX 50. The figures below represent the trading volume statistics for major products in exchanges at home and abroad over the past years:

Year	Taiwan Futures	Taiwan Options	U.S.	Japan	Singapore	Hong Kong	Others	Total
2012	95,538,284	217,925,540	5,140,874	74,249	3,760,770	267,354	203,934	322,911,005
2013	86,779,300	219,671,176	6,641,148	172,358	5,320,795	443,054	279,220	319,307,051
2014	100,114,690	304,707,496	6,431,440	332,244	6,084,166	506,741	722,160	418,898,937
2015	144,105,804	363,478,888	8,968,442	590,129	16,038,782	680,263	1,272,488	535,134,796
2016	146,204,918	337,152,194	11,220,396	775,522	18,642,407	982,455	1,613,234	516,591,126
2017	156,817,098	374,594,240	12,710,362	521,027	17,703,109	1,075,104	875,062	564,296,002
2018	225,462,486	390,704,666	15,355,474	756,310	24,912,780	1,388,343	394,663	658,974,722
2019	180,084,696	341,446,268	16,665,909	736,904	19,060,859	1,132,668	541,602	559,668,906

Source: Chinese National Futures Association

5. Competition

The Company is a futures commission merchant. The profitability of the major competitors in 2019 is as follows:

Rank	Name of futures merchant	Cumulative pre-tax profit/loss	Cumulative pre-tax profit/loss EPS	Share capital
1	Yuanta Futures	1,410,012,239	6.07	232,276,288
2	Capital Futures	746,946,411	4.23	176,437,584
3	KGI Futures	552,062,795	6.41	86,080,000
4	Sinopac Futures	420,699,293	4.48	93,830,278
5	Fubon Futures	253,829,728	1.81	140,000,000
6	President Futures	192,019,734	2.91	66,000,000
7	Masterlink Futures	147,268,456	2.10	70,000,000
8	Concord Futures	120,130,198	1.47	81,500,000
9	Cathay Futures	65,807,164	0.99	66,700,000
10	Hua Nan Futures	56,315,328	1.05	53,500,000
11	Jih Sun Futures Co., Ltd.	55,904,733	0.80	70,000,000
12	Mega futures	55,368,724	1.38	40,000,000
13	Waterland & Futures	30,000,035	0.50	60,000,000
14	Da Chang Futures	16,449,893	0.55	30,000,000

Data source: Taiwan Futures Exchange; ranked in accordance with the cumulative net income before tax

(III) Technological research and development

1. Technological intensity and R&D

The Company has carried on its spirit from 2018 in 2019 and intensified the output of its diversified research reports in quantity and in depth. In addition, the Company has also committed further effort in financial innovation and promotion of digital platforms, responded to the needs of overseas customers, continued to support overseas commodity futures reports focusing on the needs of overseas customers in trading, and designed convenient and readable reports for the local readers. In the aspect of financial innovation, the Company stimulated the interest of the fans in reading through simplification of the reports with communication software and image presentation. This helped to bolster the interactions among the fans and improved the accessibility and viewing of research reports. In 2019, the Yuanta Futures LINE@fans enjoyed average monthly growth, which indicated the result of the development of LINE@.

In the aspect of R&D strategic trade, the Company continued to use the features of big data in the futures and options market in 2019 to provide quantified research findings. The Company traced the changes in commodity prices generated by product volatility to inform the customers through the Yuanta Futures APP data push so that the customers could directly link to the market for interaction.

Looking forward toward 2020, our Research Department will continually march forward into more profound and broad domains of research. All expertise and hands-on experiences accumulated in the Department will be transmitted and shared by all investors. Meanwhile, we shall further increase Yuanta Futures APP, FB, and Yuanta Futures LINE@ for the abundant coverage to enable our investors to receive the up-to-date messages about international markets in real time.

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

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

Item \ Year	2019		Up till February 14, 2020	
	Head count	Percentage	Head count	Percentage
Postgraduate study and above	9	100%	9	100%
University	0	0%	0	0%
Total	9	100%	9	100%
4 years research experience and above	6	67%	6	67%
4 years research experience and below	3	33%	3	33%

In addition, the Company's Research Department maintains a close contact with Yuanta-Polaris Research Institute and Yuanta Securities Investment Trust Co., Ltd. to enhance the relevant research resources and to expand the Company's scope of research.

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

Unit: NT\$ thousand

Item	2015	2016	2017	2018	2019
R&D Department expenses	15,539	17,172	18,453	18,828	22,508

Here at Yuanta, our Research Department invests huge research budgets which increase year-by-year to precisely respond to customers in their need. This reflects how seriously our Research Department focuses on the very keen need by customers. Apart from the R&D Department, The Company has also allocated some staffs in the IT Department, who engage in research and developments within their own specialties to improve the overall performance or service quality. Most employees had attained Masters or Bachelor degrees in IT, and had many years of financial experience to assist their R&D efforts.

4. Successfully developed technologies or products

(1) Development of net TAIEX/Knock-out options:

The Company emphasizes the promotion of digital finance and inclusive financial system. For a long time, the Company has supported innovative financial research and development, and spared no effort in creating a smart ecological chain of the financial sector through the innovative research and development of the TAIEX/ knock-out options. In addition, the Company also serves different targeted groups of customers extensively, from high-asset professional clients to small cap customers so as to satisfy the needs in the diversified market and increase the participation population in the financial market as the objective for long-term development.

(2) The installation and promotion of the knowledge management system:

The Company installed and promoted the knowledge management system for setting up an intensive knowledge exchange and sharing mechanism, understanding the instant needs of the customers and the situation of the customers so that the Company can get closer to the market and significantly improve the accuracy of decision-making and the competitive power in the market. Through the project management of the knowledge management system, information could be integrated in an application that helps to upgrade the overall performance of the team.

(3) Development of cloud smart order system

The Company developed the cloud smart order system to provide customers the cloud trading mode of stop loss order, stop profit order, and long-term order allowing for higher level of convenience of trading for the customers and maintaining the competitive power of the electronic trading platform.

(IV) Long and short term business development plans

1. Short term development:

- (1) Optimization of the brokerage operation in full-scale through digital transformation of marketing channels. With the use of the online community media, and in combination with the full-range offline quality service, the Company provides 24-hour services through its global operation center and develops futures and options products in Taiwan.
- (2) Further development of introducing broker (IB) operation through the new trading platform combining securities and futures trade to optimize the brand image of Yuanta Futures as an expert in futures options. The Company seeks to increase the proportion of IB in the futures market and develop the upstream business.
- (3) In leverage operation, the Company continues to launch customized innovative products to satisfy the needs of customers in diversity of channels for profits and hedge.
- (4) Development of consulting platform and subscription economics, establishment of customer membership management system through the in-depth consulting lectures and smart digital consulting services by the fully seasoned professional futures analyst team.
- (5) Upgrade the quality and strength of information security management and fortify the internal information security compliance procedure. Diagnose the security of information equipment currently in use and the compliance of the security personnel for the full-scale optimization of information security protection.
- (6) Continuously optimize operational and management systems and combine compliance, internal control, governance, and risk control to lower operational risks.

2. Long term development:

- (1) Support the internationalization of the Group with active development of overseas locations for attracting customers and yielding synergy. Cultivation of the overseas business locations of the Company for emergence as global products and trading platform, and the establishment of a full-range futures product line.
- (2) Improve the organizational quality of the IB team, build an O2O team with new commodities, new way of thinking and new profit model, and use platform and interdepartmental marketing to achieve innovation and optimization.
- (3) Develop fintech products and services and closely combine resources with the risk management knowhow and expertise accumulated over the years to develop new types of

business.

- (4) Mingle corporate social responsibility into the business philosophy and service management mode of the Company. Through ethical corporate management, customer service, green finance, feedback to society, and healthy workplace, and the customer fairness principle for the protection of the rights of the customers, the Company pursues sustainability in operation and as the objective of development.

Yuanta Futures (HK) Co., Limited

(I) Business scope

The business operation of the Company's Hong Kong subsidiary shall not exceed the business scope authorized by local authorities and the Company's business scope approved by the competent authorities in Taiwan. If it is necessary to have new type of business introduced in the future, an application will be filed separately to the domestic and foreign competent authorities.

1. Principal business activities:

- (1) Class I Operation - "Securities Trade."
- (2) Class II business (dealing in futures contracts).
- (2) Class IV Operation - "Consultation on Securities"
- (4) Class V (giving advices on futures contracts).
- (5) Other business functions approved by the Hong Kong competent authority.

2. Business weightage

Item \ Year	2018		2019	
	Operating revenues	Ratio (%)	Operating revenues	Ratio (%)
Income from handling fees	54,207,558	87.11%	46,044,775	74.48%
Interest income	8,453,979	13.59%	14,571,614	23.57%
Net profit in proprietary trading	46,715	0.08%	137,336	0.22%
Other non-operating revenue	(479,348)	(0.78%)	1,070,040	1.73%
Subtotal revenues	62,228,904	100%	61,823,764	100.00%

Source: audited financial statements

3. The Company's current products (services)

- (1) Securities Trade: Engagement in securities trade and related business under Class I business regulated by the Hong Kong Securities and Futures Commission.
- (2) Dealing in futures contracts: under the permission of Class II regulated activities of Securities and Futures Commission of Hong Kong to operate relevant business of futures, options, etc.
- (3) Giving advices on securities contracts: under the permission of Class IV regulated activities of Securities and Futures Commission of Hong Kong to operate relevant business of giving advices on securities, etc.
- (4) Giving advices on futures contracts: under the permission of Class V regulated activities of Securities and Futures Commission of Hong Kong to operate relevant business of giving advices on futures contracts, etc.
- (5) Other business will be approved first by the competent authority in Taiwan, and then reported to the relevant authorities in Hong Kong for the permission to operate.

4. Optimize and improve customer service

Continue the training of futures talents and researches. First of all, enhance the quality of customer service and commit to train comprehensive futures talents; secondly, in terms of research and development, focus on the development of trading strategies and trading platform and simulate operation verification in order to provide quality services and a stable and fast trading platform.

1. Existing market participants

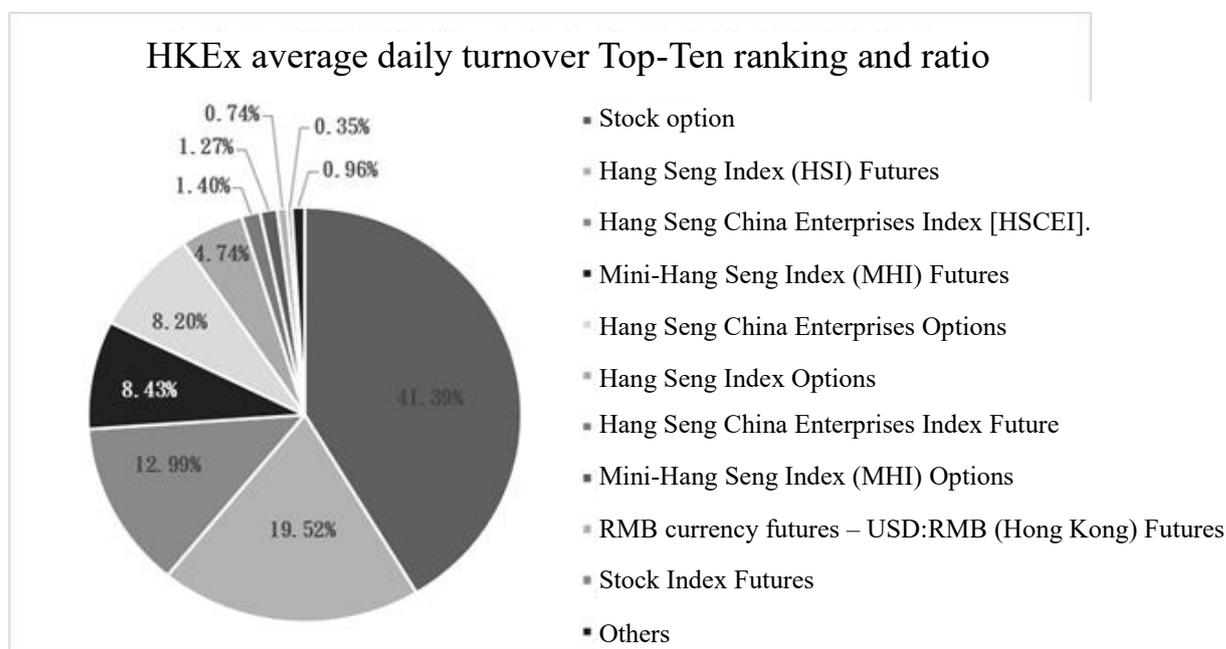
HKEx licensee / number of registers (Data as of December 31, 2019)

	The Stock Exchange of Hong Kong Limited Participants	Taiwan Futures Exchange Participants	The Stock Exchange/ Futures exchange Participants	Non-participant
Licensed institutional groups	606	114	80	2,284
Registration Authority	0	0	0	114
Licensed representative	12,447	874	4,948	16,967
Person in charge / Authorizer	2,205	202	588	6,008

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

Source: Securities and Futures Commission statistical data on market and industries.

2. HKEx futures and options ratio



3. HKEx average daily turnover Top-Ten ranking and ratio

Instrument	Proportion in transaction volume (%)	Turnover ranking	The average daily turnover
Stock option	41.39%	1	442,333
Hang Seng Index (HSI) Futures	19.52%	2	208,609
Hang Seng China Enterprises Index [HSCEI].	12.99%	3	138,826
Mini-Hang Seng Index (MHI) Futures	8.43%	4	90,124
Hang Seng China Enterprises Options	8.20%	5	87,656
Hang Seng Index Options	4.74%	6	50,678
Hang Seng China Enterprises Index Future	1.40%	7	14,985
Mini-Hang Seng Index (MHI) Options	1.27%	8	13,591
RMB currency futures – USD:RMB (Hong Kong) Futures	0.74%	9	7,882
Stock Index Futures	0.35%	10	3,729
Others	0.96%	11	-
Total	99.04%		

Data Source: HKEx 2018 average daily turnover statistics

(II) Technological research and development

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

(IV) Long and short term business development plans

1. The Hong Kong subsidiary is aimed for professional independent operation under the consideration of the overall planning, market change, and segmentation. The site and staff system will be built and constructed gradually in order to provide customers with quality service, to create higher profits, and to achieve maximum operational effect.
2. Receive a diversity of international information, provide diversified products, expand B2B business in Taiwan, Hong Kong, Korea, Vietnam and other regions.
3. Continue to launch physical delivery of institutions and intensify the differentiation in service business in the industry with further in-depth development of service for the institutional clients.
4. Build up the “Professional Dealer” brand in Asia-Pacific.
It is expected to accumulate international practical experience and to enhance international competitiveness by actively participating in the brokerage-related business in Hong Kong futures market. Create a complete product and service line and develop more diversified and wide-range of professional business models in the futures brokerage and consultancy industry internationally.

SYF Information Co., Ltd.

(I) Business scope

1. Management Consulting Services
2. Information software, data processing services and electronic information supply services.
3. Sales Agent for computer software and hardware
4. Develop e-commerce project and internet service
5. After-sales warranty service for various system and software

(II) Industry overview

Due to fierce competition in the securities and futures industry, information enterprises that want to get an opportunity to generate profit in related industries must highly rely on information technology stability, speed, and processing power. Information technology is an important tool to the securities and futures industry for business promotion. An interruption of the supply of such information technology in any form, even for a short period of time, will result in significant financial and goodwill losses to the Company, including the impact on the trust of customer on the company. Therefore, many customers have based their choice of information industry as service provider on the information technology development ability and after-sale service quality.

(III) Technological research and development

Since the establishment of the Taiwan Information Company, it has absorbed and integrated the practical experiences of the parent company, Yuanta Futures, including front-desk trading, backstage management, product maintenance and transportation, and product development; also, it has continued to research and develop key technologies and develop customized products.

(IV) Business development plans

1. Mid and short-term development:
 - (1) Develop high-speed middle office and back office information system
 - (2) Develop customer information system service
 - (3) Provide risks control service module
 - (4) Integrate securities and options quotation in Taiwan and overseas and provide trading simulation platform

- (5) Develop plug-in and develop customize products of securities and futures applications.
3. Long term development
 - (1) Cooperate with the information companies or futures companies in Mainland China in order to expand the business channels in Mainland China.
 - (2) Develop internet marketing business model
 - (3) Increase the leveraged trader business information and external programs development and services.

II. Market and sales overview

(I) Market analysis (with industry-specific key performance indicators)

1. Locations where products (services) are primarily sold (provided), and market share information

2019 market share between The Company and its main competitors:

Name of futures merchant	Taiwan futures	Taiwan options	Sub-total of overseas
Yuanta Futures	23.25%	15.51%	26.76%
KGI Futures	17.66%	7.42%	11.59%
Capital Futures	10.28%	6.16%	20.23%
Sinopac Futures	5.45%	5.02%	9.36%
President Futures	3.83%	3.47%	5.18%
Concord Futures	3.42%	3.65%	6.12%
Fubon Futures	3.30%	2.40%	6.26%
Jih Sun Futures Co., Ltd.	2.88%	2.60%	2.82%
Masterlink Futures	2.61%	2.78%	2.14%
Hua Nan Futures	2.42%	2.56%	0.95%
Mega futures	1.60%	1.38%	1.35%
Waterland & Futures	1.44%	1.39%	0.48%
Da Chang Futures	1.33%	1.62%	0.31%
Cathay Futures	1.18%	1.24%	1.58%

Source: Chinese National Futures Association

2. Future market supply/demand and growth potentials

The volatility of the futures market in Taiwan in 2019 was 10.71%, which was lower than the 16.21% in the same period of 2018. As such, trade volume in 2019 indicated a decline of 15.36% from the same period of 2018 but still achieved 261 million lots. Of all the transactions, TAIEX options accounted for 170 million lots, TAIEX futures accounted for 34 million lots, Mini-TAIEX futures accounted for 29 million lots, and stock futures accounted for 20 million lots. The newly launched G2F futures and Nasdaq-100 futures also traded at 42,000 lots and 76,000 lots by volume. The trade volume of GBP vs USD futures, AUD vs USD futures, which were unveiled in 2018, and the Brent Crude Oil Futures grew marginally. The nighttime trade volume accounted for 54.8 million lots or 29.8% of the total trade volume, which is still active. TAIEX continues to stimulate market growth and launch a diversity of products and alignment with the international market, and optimize the trading system to enhance the stability of trading in the futures market. It is expected that the “Taiwan Sustainability Futures Index” and the “Taiwan Biotechnology Index Futures” will be unveiled in 2020 to satisfy the needs of traders. In supporting the securities market trading system of transactions one-by-one in trade effective on March 23, 2020, the Company will synchronize with the spot trade market with linking to the related system on the same day to create an efficient, fair, just, and transparent trading environment to attract traders of all kinds in participation in the futures market.

3. Competitive advantage

In the market share of the domestic IB business, overseas commodities, income before tax, net worth, and customer rights and interests, Yuanta Futures is way ahead of competitors and provides the best protection for futures investors with steady finance and strict risk control.

In the rapidly changing financial market, apart from securing IB market share, we develop new momentum for overseas futures business, create differentiated services and launch new commodities and business and provide comprehensive investment channels in response to TAIFEX's policies. The Company provided full-range futures option services and unveiled the first composite information integration service APP of the industry comprising information on the 8 major categories of futures and futures options research reports of the world, and introduced innovative services of smart shopping mart and economic subscription to satisfy the needs of customers in the diversity of information. To align with the trend of smart automated trading, the Company also introduced the dynamic smart strategic management system to sort out the optimal strategy through artificial intelligence computation to create an exclusive futures option dealing room for the customers.

4. Opportunities

- (1) TFE will continue to launch new products and systems to make the product line of the domestic futures market complete and provide the traders a greater variety of choices for hedging.
- (2) The Company's options have innovation ability and the trading platform has integrated functions, and the brokerage market share is second to none in the long run, in other words, the Company has fully exercised the synergy of the Group's resources integration advantages.
- (3) We develop overseas future products through intelligent and digital channel transformation, offer 24-hour global services, and provide O2O service experience with social media platforms to improve service quality for customers.
- (4) With healthy financial structure, a viable system of risk management, and good practice in corporate governance, the Company strictly controls the clearing of transactions for proper control of risk.
- (5) The Company has a great variety of training programs for its personnel, which helped to upgrade the professional skills of the sales personnel and the back-end staff in compliance with applicable laws.
- (6) Mingle corporate social responsibility into the business philosophy and service management mode of the Company. Through ethical corporate management, customer service, green finance, feedback to society, and healthy workplace, and the customer fairness principle for the protection of the right of the customers, the Company pursues sustainability in operation and as the objective of development.

5. Future opportunities, threats, and responsive strategies

- (1) The financial environment will continue to be rough. As such, the Company has mapped out the strategy for coping with the instability of profits from commission incomes and proprietary trade:
 - ① Creating multiple income sources: adopt an international perspective in both trading strategy and product promotion to avoid local price competitions or concentrated revenue sources. The Company has sufficient relative advantage in international markets to secure its revenues.
 - ② Dedication to high service quality: offering 24-7 trading services, IT platform upgrades and customization, professional market analysis and recommendations etc to highlight our differentiated services, and thereby building our brand image while securing customers' loyalty.
 - ③ Broaden the horizon of the marketing strategy: given the advantage of the financial holdings, the Company will provide a wider array of products and services. By integrating the strategies of excellent future trading advisor team, and the interface of the outstanding IT platform, the Company will intensify strategic marketing activities, allows for more exposure to the media, higher visibility of the brand of the Company to the investors, and effectively enlarge the market size.
- (2) Futures margin trading is highly leveraged and is susceptible to settlement losses, which discourages investors' participation.
Responsive strategies:
 - ① The high leverage involved in margin trading is investors' choice, not obligation. We can eliminate investors' doubts by communicating proper concepts on capital

managements.

② Teach investors the "STOP" strategy to avoid major losses while earning sizable gains.

(II) Main product purpose and production process: not applicable.

(III) The supply of key raw materials: not applicable.

(IV) Name of trade partner representing more than 10% of total purchases (sales) in any of the last two years, and the amounts and percentages of purchases (sales). Describe the causes of any variation: not applicable.

(V) Production volume and value in the last two years: not applicable.

(VI) Sales volume and value in the last two years: not applicable.

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

Yuanta Futures Co., Ltd.

Year		2018	2019	Up till January 31, 2020
Number of employees		374	374	376
Average age		38.94	38.97	38.97
Average years in service		8.79	9.1	9.14
Distributions by Education	Doctoral Degree	0%	0.30%	0.30%
	Master's Degree	20.10%	20.0%	19.90%
	Bachelor's Degree	74.30%	73.80%	73.90%
	High school	5.60%	5.90%	5.90%

Yuanta Futures (HK) Co., Limited

Year		2018	2019	Up till January 31, 2020
Number of employees		20	21	22
Average age		34.29	35.72	35.48
Average years in service		1.34	1.89	1.68
Distributions by Education	Doctoral Degree	0%	0%	0%
	Master's Degree	40%	42.9%	36.4%
	Bachelor's Degree	60%	57.1%	63.6%
	High school	0%	0%	0%

SYF Information Co., Ltd.

Year		2018	2019	Up till January 31, 2020
Number of employees		1	1	1
Average age		27.58	28.58	28.67
Average years in service		3.53	4.53	4.61
Distributions by Education	Master's Degree	0%	0%	0%
	Bachelor's Degree	100%	100%	100%

	High school	0%	0%	0%
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SYF Information (Shanghai) Limited

Year		2018	2019	Up till January 31, 2020
Number of employees		3	3	3
Average age		34.9	29.59	29.67
Average years in service		1.07	1.41	1.49
Distributions by Education	Master's Degree	66.67%	33.33%	33.33%
	Bachelor's Degree	33.33%	66.67%	66.67%
	High school	0%	0%	0%

IV. Contribution to Environmental Protection

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

V. Employer and employee relationships

- (I) **The availability of employee welfare, training, ongoing education, and retirement policies. Elaborate on the agreements between employers and employees, and the protection of employees' rights.**
1. Employees' welfare
 - (1) Employees' Welfare Committee:
 - ① Birthday, Maternity, marriage, and funeral subsidies
 - ② Chinese New Year, Dragon Boat Festival and Mid-Autumn Festival gifts
 - ③ Children's education subsidies
 - ④ Emergency aid

- ⑤ Group recreation and tourism
- (2) The Company provides:
 - ① Group accident insurance
 - ② Year-end bonus
 - ③ Remuneration to employees (according to the Company's Articles of Association)
 - ④ Monthly pension contributions in accordance with the Labor Standards Act
 - ⑤ Annual health check-up
 - ⑥ Year-end lucky draw banquet
- (3) Government regulations:
 - ① Mandatory participation in the Labor and Health Insurance Schemes
 - ② Compensation for occupational hazards according to the Labor Standards Act
 - ③ Any other requirements under the Labor Standards Act, the Labor Insurance Act, and the National Health Insurance Act

The percentages of Yuanta staff in reinstatements and retaining after parental leave in 2019.

Item	Female	Male	Total
The aggregate total of Yuanta staff in reinstatements after parental leave in 2019 (A)	3	0	3
The aggregate total of Yuanta staff in substantial reinstatements after parental leave in 2019 (B)	1	0	1
Reinstatement percentage (%) (B/A*100)	33.33%	0	33.33%
The aggregate total of Yuanta staff in substantial reinstatements after parental leave in 2018 (C)	3	0	3
The aggregate total of Yuanta staff still on the job within 12 months after reinstatements in 2018 (D)	2	0	2
Retaining percentage (%) (D/C*100)	66.67	0	66.67

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

Orientation: Department guidance.

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

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

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

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

Project training: (1) Intensive training for managerial staffs

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

Training expenses totaled \$1,913,686 in the latest year.

In order to improve the professionalism of internal audits, auditors are required to participate in internal audit workshops as well as external conferences. Financial staffs

are also required to attend training courses organized by the competent authority and other relevant units.

The Company's managers and other employees had received the following training in 2019:

Date of information: December 31, 2019

Title	Name	Organizer	Course name	Hours	Date
Chairman	Tien-Fu Lin	Taiwan Securities Association	Financial Sector Sustainability Strategy and the Inclusion of Yuanta Financial Holding into DJSI	3	2019.05.24
		Taiwan Securities Association	Anti-Money Laundering Rules and Regulations and the Latest Development	3	2019.07.11
		Corporate Governance Association in Taiwan	Global risk and Corporate Social Responsibility	3	2019.11.25
		Yuanta Financial Holding Co., Ltd. and its subsidiaries	The principle of fair treatment of customers	3	2019.10.03
President	Hsiao-Ling Chou	Taiwan Securities Association	Financial Sector Sustainability Strategy and the Inclusion of Yuanta Financial Holding into DJSI	3	2019.05.24
		Yuanta Futures Co., Ltd.	Training on AML/CFT Risk Management	3	2019.11.21
		Yuanta Financial Holding Co., Ltd. and its subsidiaries	The principle of fair treatment of customers	3	2019.10.03
Executive Vice President	Chun-Chieh Wang	Securities and Futures Development Foundation	Directors and Supervisors (including Independent) and Corporate Governance Officer Practical Work Advanced Seminar - Corporate Strategy and KPI	3	2019.03.13
		Securities and Futures Development Foundation	Directors and Supervisors (including Independent) and Corporate Governance Officer Practical Work Advanced Seminar - a Study on the Issues of Human Resources in the Course of Corporate Governance Mergers and Acquisitions	3	2019.03.13
		Yuanta Financial Holding Co., Ltd.	Physical and Psychological Health Management at the Workplace and Overseas Medical Aid	2	2019.03.15
		Yuanta Financial Holding Co., Ltd.	What do we learn from these well-known cases?	2	2019.06.21
		Yuanta Financial Holding Co., Ltd. and its subsidiaries	The principle of fair treatment of customers	3	2019.10.03
		Yuanta Financial Holding Co., Ltd.	Embrace the millennium at the time of change - how could we deal with the younger generation	2	2019.08.14
		Yuanta Futures Co., Ltd.	Yuanta Futures Executive Training Program	36	2019.08.16
Executive Vice President	Kuo-Chun Hsu	Securities and Futures Development Foundation	Acquisition of AML/CTF qualifications	12	2019.06.14
		Yuanta Financial Holding Co., Ltd.	What do we learn from these well-known cases?	2	2019.06.21
		Yuanta Financial Holding Co., Ltd. and its subsidiaries	The principle of fair treatment of customers	3	2019.10.03
		Yuanta Futures Co., Ltd.	Yuanta Futures Executive Training Program	36	2019.08.16
Senior Vice President, Network Manager	Yi-Jui Kao	Chinese National Futures Association	Analysis and Case Study on AML/CFT Conference	3	2019.03.27
		Yuanta Financial Holding Co., Ltd.	What do we learn from these well-known cases?	2	2019.06.21

Title	Name	Organizer	Course name	Hours	Date
		Yuanta Financial Holding Co., Ltd.	Embrace the millennium at the time of change - how could we deal with the younger generation	2	2019.08.14
		Yuanta Futures Co., Ltd.	Yuanta Futures Executive Training Program	36	2019.08.16
		Yuanta Financial Holding Co., Ltd. and its subsidiaries	The principle of fair treatment of customers	3	2019.10.03
		Yuanta Futures Co., Ltd.	Training on AML/CFT Risk Management	3	2019.10.14
		Chinese National Futures Association	Analysis and Case Study on AML/CFT Conference	3	2019.11.18
		Yuanta Futures Co., Ltd.	Training of AML Supervisor and Personnel	3	2019.11.21
Senior vice president, Domestic Institution Division	Chia-Ling Tsai	Chinese National Futures Association	Analysis and Case Study on AML/CFT Conference	3	2019.03.27
		Yuanta Financial Holding Co., Ltd.	What do we learn from these well-known cases?	2	2019.06.21
		Yuanta Futures Co., Ltd.	Yuanta Futures Executive Training Program	36	2019.08.16
		Yuanta Futures Co., Ltd.	Training on AML/CFT Risk Management	3	2019.10.14
		Chinese National Futures Association	Analysis and Case Study on AML/CFT Conference	3	2019.11.18
		Yuanta Futures Co., Ltd.	Training of AML Supervisor and Personnel	3	2019.11.21
Vice President, Compliance Dept.	Lee-Ling Chien	Chinese National Futures Association	Analysis and Case Study on AML/CFT Conference	3	2019.03.27
		Yuanta Financial Holding Co., Ltd.	Embrace the millennium at the time of change - how could we deal with the younger generation	2	2019.08.14
		Yuanta Futures Co., Ltd.	Yuanta Futures Executive Training Program	36	2019.08.16
		Chinese National Futures Association	Anti-Money Laundering and Counter-Financing of Terrorism	3	2019.08.29
		Yuanta Financial Holding Co., Ltd. and its subsidiaries	The principle of fair treatment of customers	3	2019.10.03
		Yuanta Futures Co., Ltd.	Training on AML/CFT Risk Management	3	2019.10.14
		Taiwan Securities Association	Anti-Money Laundering Rules and Regulations and the Latest Development	3	2019.10.25
		Yuanta Futures Co., Ltd.	Training of AML Supervisor and Personnel	3	2019.11.21
Vice President, Finance and Accounting Department	Liang-Huei Yuan	Chinese National Futures Association	Analysis and Case Study on AML/CFT Conference	3	2019.03.27
		Yuanta Financial Holding Co., Ltd.	What do we learn from these well-known cases?	2	2019.06.21
		Yuanta Financial Holding Co., Ltd.	Embrace the millennium at the time of change - how could we deal with the younger generation	2	2019.08.14
		Yuanta Futures Co., Ltd.	Yuanta Futures Executive Training Program	36	2019.08.16
		Taiwan Securities Association	Responses and strategies of Enterprises to Exchange Rate Fluctuation	3	2019.09.18
		Taiwan Securities Association	Exploring Window-Dressing and Corporate Fraud from Problem Enterprises	3	2019.10.08
		Yuanta Futures Co., Ltd.	Training on AML/CFT Risk Management	3	2019.10.14

Title	Name	Organizer	Course name	Hours	Date
		Taiwan Securities Association	Anti-Money Laundering Rules and Regulations and the Latest Development	3	2019.10.25
		Yuanta Futures Co., Ltd.	Training of AML Supervisor and Personnel	3	2019.11.21
Vice President of the Overseas Institutional Business Department	Chun-Hao Chang	Chinese National Futures Association	Analysis and Case Study on AML/CFT Conference	3	2019.03.27
		Yuanta Financial Holding Co., Ltd.	What do we learn from these well-known cases?	2	2019.06.21
		Yuanta Futures Co., Ltd.	Yuanta Futures Executive Training Program	36	2019.08.16
		Taiwan Securities Association	Anti-Money Laundering Rules and Regulations and the Latest Development	3	2019.09.20
		Yuanta Financial Holding Co., Ltd. and its subsidiaries	The principle of fair treatment of customers	3	2019.10.03
		Yuanta Futures Co., Ltd.	Training on AML/CFT Risk Management	3	2019.10.14
		Yuanta Futures Co., Ltd.	Training of AML Supervisor and Personnel	3	2019.11.21
Senior vice president, Dealing and Clearing Dept.	Lai-E Yen	Yuanta Financial Holding Co., Ltd.	What do we learn from these well-known cases?	2	2019.06.21
		Yuanta Financial Holding Co., Ltd.	Embrace the millennium at the time of change - how could we deal with the younger generation	2	2019.08.14
		Yuanta Futures Co., Ltd.	Yuanta Futures Executive Training Program	36	2019.08.16
		Yuanta Financial Holding Co., Ltd. and its subsidiaries	The principle of fair treatment of customers	3	2019.10.03
Senior VP of Internal Audit Department	Min-Fang Wu	Yuanta Financial Holding Co., Ltd.	What do we learn from these well-known cases?	2	2019.06.21
		Yuanta Financial Holding Co., Ltd.	Embrace the millennium at the time of change - how could we deal with the younger generation	2	2019.08.14
		Yuanta Financial Holding Co., Ltd. and its subsidiaries	The principle of fair treatment of customers	3	2019.10.03
		Taiwan Securities Association	Trend and Development of Applicable Laws Governing AML/CFT at home and abroad	3	2019.11.29

Participants	Organizer	Course name	Hours	Persons
All employees	Management Department of Yuanta Futures Co., Ltd.	Introduction to Financial Consumers Protection Act and Case Study	3	201 persons
All employees	Yuanta E-Academy online education and training	Legal & compliance / Anti-Money Laundering /Anti-bribery/Information Safety/Personal Information Protection Act/Corporate Social Responsibility and Financial Consumers Protection Act Training	1~1.5	3162 persons
All employees	Management Department of Yuanta Futures Co., Ltd.	Information Security Course	1	409 persons
All employees	Yuanta Futures Co., Ltd.	Basic Training Course on Futures	1	524 persons
All employees	Yuanta Futures Co., Ltd.	Training Course on CME Rules and Regulations	1	371 persons
All registered sales	Chinese National Futures Association	On-the-job training programs for futures salespeople (including	3~15	174 persons

Participants	Organizer	Course name	Hours	Persons
		futures/consultation/proprietary trading/leverage business)		
	Taiwan Securities Association	On-the-job training programs for securities salespeople	15	32 persons
All personnel	Securities and Futures Development Foundation	Mandatory orientation for new entrants (including securities and futures/consulting/and leverage)	9~12	94 persons
All function heads	Taiwan Securities Association	The introduction and response to the Financial Consumers Protection Act (fair treatment to customers)	3	42 persons
Head of Finance and Accounting	Taiwan Securities Association	Continuing education for accounting officers	3	3 persons
Head of Finance and Accounting	Securities and Futures Development Foundation	Corporate Governance Assessment Seminar	3	1 persons
Head of Finance and Accounting	Securities and Futures Development Foundation	Financial Fraud vs Legal Liability of Financial and Accounting Officers	3	1 persons
Head of Finance and Accounting	Accounting Research and Development Foundation	Continuing education for accounting officers	3	2 persons
Corporate Governance Officer	Securities and Futures Development Foundation	Directors and Supervisors (including Independent) and Corporate Governance Officer Practical Work Advanced Seminar	3	4 persons
Proprietary Trading Department (leverage transaction merchant)	Taiwan Securities Association	On-the-Job Training of Derivatives Personnel for 61 hours online	61	2 persons
Proprietary Trading Department/ Risk Management Department/ Auditing Department/ Clearing Department/ Compliance Department personnel	Taiwan Securities Association	On-the-job training programs for derivative financial instruments related personnel	6	25 persons
AML Supervisor/designated personnel	Taiwan Securities Association	AML/CTF recurrent training course	6	36 persons
AML Supervisor/designated personnel	Securities and Futures Development Foundation	Training programs for qualifications in anti-money laundering & combating financing of terrorism (AML/CFT)	12	3 persons
AML Supervisor/designated personnel	Management Department of Yuanta Futures Co., Ltd.	AML/CTF recurrent training course	6	31 persons
Sale personnel	Yuanta Financial Holding Co., Ltd.	General study on finance and banking - upgrade competitiveness through service capacity	3	33 persons
Sale personnel	The Financial Ombudsman Institution	Seminar of Disputes deriving from financial consumption	3	13 persons
Legal Affairs and Compliance Department Staff	Taiwan Securities Exchange Corporation	On-the-job training programs for securities, futures law compliance personnel—Preliminary Class	3.5	2 persons
Newcomers for respective departments	Yuanta Financial Holding Co., Ltd.	Training of occupational safety and health for the new entrants	3	55 persons
Newcomers for respective departments	Yuanta Financial Holding Co., Ltd.	Newcomer education and training	32	14 persons
Newcomers for respective departments	Yuanta Futures Co., Ltd.	Newcomer education and training	12	48 persons

Employees' certification

Date of information: January 31, 2020

Certificate and license name	2018	2019	Up till January 31, 2020
Futures Practitioner, China	55	51	51
Futures Practitioner, Hong Kong	13	14	14
Futures Associated Persons	310	306	309
Futures Trading Analyst	30	28	28
Securities sales personnel	184	175	178
Senior securities sales personnel	118	115	116
Certified Securities Investment Analyst	11	9	9
Certified Securities Investment Trust and Consulting Professional	59	61	61
CFA 1 Chartered Financial Analyst	2	1	1
CFP Certified Financial Planner	3	3	3
CAMS Certified Anti-Money Laundering Specialists	1	1	1
Trust Personnel	67	67	68
The bank's internal controls and internal auditors	20	20	20
Derivative financial instruments salespeople	26	29	29
Structured instruments salespersons	114	104	104
Investment insurance salespersons	18	17	17
Certified Financial Planner	31	29	29
Wealth management salespersons	19	17	17
Bills personnel	4	3	3
Certified Life Insurance Representative	48	50	50
Certified Property Insurance Representative	23	20	20
Bond personnel	2	1	1
Qualification of advanced calculation of equity capital adequacy ratio of Securities Dealers	1	1	1

3. Pension system: since October 1998, The Company had complied with the Labor Standards Act by contributing 2% of employees' salaries as pension into dedicated accounts opened under the Bank of Taiwan. The Labor Pension Act came into effect since 1 July 2005, and mandated a defined contribution plan. After its implementation, employees were given the option to choose between the pension scheme made available under the "Labor Standards Act", or the pension scheme under the new "Labor Pension Act" while carrying forward their years of service into the new scheme.

4. Employer/employee agreements and employees' rights: The Company had maintained a harmonic relationship with its employees since inception. It organizes meetings with employees according to its Employer/Employee Meeting Rules as a form of communication and as means for settling disputes.

(II) The losses resulted from labor disputes in the last two years and up to the annual report published date; disclosure of the current and noncurrent estimated losses and the responsive measures; if such loss amount cannot be reasonably estimated, please state the reason why:

Hong, the former employee, voluntarily applied for retirement to the Company. The Company had his pension calculated and paid lawfully. Hong had received the pension payment and still filed a civil lawsuit in June 2015 to request having pension calculated as an employee of the terminated company, disappearing company Polaris Securities, a third party to the lawsuit for an amount of NT\$6,216,600 plus statutory interest. In January 1, 2016, Taiwan Taipei District Court ruled recently that the Company should pay NT\$813,730 to Hong and the interest at 5% per annum for the period from June 16, 2015 to the liquidation date. Both the plaintiff and the defendant of the case had appealed to Taiwan High Court. Hung appealed after the 2nd trial to request to reduce the amount to NT\$4,755,246 and mandatory interest. The case was trialed by the High Court of Taiwan. The judgement came in December 2016 that the original judgement of the order to pay the Company NT\$2,664 in principal and interest, and order the Company to bear the expenses incurred from the legal proceedings was annulled. The appeal of Hung in response to the ruling of the 1st trial in respect of the aforementioned portion of annulment was overruled. The appeal of Hung and the other appeals filed by the Company were overruled. The Company was ordered to pay NT\$2,664 and interest under the judgement of the 2nd trial, and the proceedings shall be final without further appeal. From the notice of the High Court of Taiwan dated January 25, 2017, Hung petitioned to appeal for the 3rd trial. The ruling of overruling the appeal of Hung and the request for payment of NT\$797,606 in principal and interest being annulled was returned to the High Court of Taiwan in the ruling of March 2019. Other appeals were overruled. This case is still in proceeding at the High Court of Taiwan. The case has no significant impacts to The Company's operation or shareholders' equity.

(III) Working environment and employee personal safety

Item	Content
Entrance Security	<ol style="list-style-type: none"> 1. Our office building has Strict access control monitoring system during the daytime and the nighttime. 2. Our company signed the contract with the security firm for the nighttime and holidays to keep the safety of the office.
Equipment maintenance and inspection	<ol style="list-style-type: none"> 1. According to regulations for inspecting and reporting buildings public security, the building management committee appoints the external professional company to conduct public safety inspection every two years. 2. According to Fire Services Act, it is outsourced to conduct the fire- fighting security inspection every year. 3. According to the Company's code of practice in labor safety and health, for every three month the maintenance of dispensers is conducted, for every year the maintenance and inspection of high and low voltage electrical equipment, air conditioning, and fire- fighting devices, etc., and regular check for vehicle by miles.
Disaster prevention and response actions	<ol style="list-style-type: none"> 1. The Company have formulated "Main points of Natural Disasters and attendance management in other incidents" "Major Accidental Event Reporting Operating Guidelines," and "Labor Safety and Health Management Rule" to prepare notes for disaster prevention and urgency repair in advance, and reporting procedures of accidents and occupational injuries. Responsibilities and tasks due to major events such as natural disasters, serious injuries, etc. in a sudden. 2. To keep employee safety and health and promote health and safety services, the Company places one

	Certified Administrator of Occupational Safety and Health affairs - Class A and several First Aid Personnel.
Physical health	<ol style="list-style-type: none"> 1. Physical examination: The Company provides regular health examination every two years in accordance with Labor Safety and Health Act for in-service staff. Psychological counseling and assessment is also provided and the psychological counseling may be requested to the physician as personal wishes. 2. Working environment hygiene: smoking completely prohibited in business areas, and seminar tours are arranged, the office environment is regularly cleaned and disinfected.
Mental health	<ol style="list-style-type: none"> 1. Education and Training: Stress (emotion) management course, communication skills course, and innovative thinking course are arranged, feature seminars for employees' mental accommodation and strengthening competence are held, and e-learning is provided. 2. Opinions delivery: establish an employees' dedicated block on the website; provide employees' opinions discussion area, suggestion area, application form and user manuals download area, legal pieces, learning are, and training announcement area; provide channels for employees' opinions delivery, emotion outlets, and interactive learning. 3. Sexual harassment prevention: Ratify the "Guideline on sexual harassment prevention, complaint, and discipline."
Insurance and medical condolences	<ol style="list-style-type: none"> 1. The Company provides labor insurance (covering occupational injuries insurance) and health insurance for employees as required by law. The Company finds the other insurance company to provide employees and their dependents accident insurance, medical insurance cancer insurance, etc. at preferential rates. 2. The Company have all employees insured against accidents on duty with insurance coverage 10 million NT\$ as the compensation for employees or the heirs due to work related disabilities or death. 3. Provide preferential allowance and subsidies for injuries and death of the employee as well as injuries and death of the employee's spouse and children.

VI. Major contracts

(I) Yuanta Futures Co., Ltd.

Date of information: January 31, 2020

Contract nature	Participants	Contract start and end dates	Main contents	Restrictive clauses
Leasing agreement on real properties (leasing)	Yuanta Securities Co., Ltd.	April 1, 2018 ~ March 31, 2021	Lease the space in 11~12F of Tatung Building for housing the Head Office of futures operation, Taipei Business Department, Proprietary Trade Department, and related departments and offices.	None
Purchase Agreement on IT software	SYSTEX	January 1, 2018 ~ December 31, 2020	Microsoft EA Software Procurement.	None
Lease agreement on equipment	CHT HiNet Internet Service	November 1, 2012 ~ October 31, 2019	Lease agreement on leasing the space of CHT HiNet machine room, network, and maintenance service.	None
Purchase Agreement on IT Hardware	Omni System Integration, Inc.	June 19, 2018 ~ September 5, 2023	Network equipment renewal & Banqiao IDC relocation.	None

(II) Yuanta Futures (HK) Co., Limited

Date of information: January 31, 2020

Contract nature	Participants	Contract start and end dates	Main contents	Restrictive clauses
Purchase Agreement on IT software	ESUNNY INTERNATIONAL (HK) CO., LIMITED	March 1, 2019~	Esunny International Financial Derivatives Transaction Analysis software system.	None
Agreement on Property Leasing (Lessee)	Sunflower Development Limited	November 16, 2019 to November 15, 2022	Yuanta Futures (HK) office location: the lease for Room 1304, Admiralty Centre Tower 1, Hong Kong, was formally entered.	None
Service contract	SMARTS Broker Compliance Pty Ltd	December 17, 2018 to December 16, 2021	Product and service contracts for provision of transaction monitoring mechanisms..	None

Six. Financial summary

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

(I) Summary balance sheet and comprehensive income statement

1. Summary balance sheet

Unit: NT\$ thousand

Item	Year	Consolidated financial information for the latest 5 years (Note 1)				
		2015	2016	2017	2018	2019 (Note 3)
Current assets		54,851,638	60,115,219	54,946,730	70,417,004	71,245,136
property , plant, and equipment		70,570	53,039	576,842	612,943	597,740
Intangible assets		35,166	30,396	36,626	42,832	41,049
Other assets		1,894,478	1,973,189	1,973,189	2,219,075	2,332,174
Total assets		56,851,852	62,171,843	57,469,670	73,291,854	74,216,099
Current liabilities	Before dividend distribution	50,015,264	54,916,977	49,932,041	64,988,102	65,326,061
	After dividend distribution	50,544,854	55,490,699	50,396,594	65,638,475	-
Non-current liabilities		59,481	70,970	70,044	83,202	101,691
Total liabilities	Before dividend distribution	50,074,745	54,987,947	50,002,085	65,071,304	65,427,752
	After dividend distribution	50,604,335	55,561,669	50,466,638	65,721,677	-
Attributable to owners of the parent company		6,777,107	7,183,896	7,467,585	8,220,550	8,856,137
Share capital		2,322,763	2,322,763	2,322,763	2,322,763	2,322,763
Capital reserve	Before dividend distribution	940,976	940,976	940,976	940,976	940,976
	After dividend distribution	940,976	940,976	940,976	940,976	-
Retained earnings	Before dividend distribution	2,694,519	2,991,707	3,291,906	3,776,318	4,296,129
	After dividend distribution	2,164,929	2,417,985	2,827,353	3,125,945	-
Other equity		818,849	928,450	911,940	1,180,493	1,296,269
Treasury stock		0	0	0	0	0
Non-controlling interests		0	0	0	0	0
Total equity	Before dividend distribution	6,777,107	7,183,896	7,467,585	8,220,550	8,856,137
	After dividend distribution	6,247,517	6,610,174	7,003,032	7,570,177	-

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

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

Note 2: The effect of applying IFRS No. 19 "Employee Benefits," 2013 version, since 2015.

Note 3: As of the date this report was printed, the proposal for the distribution of earnings in 2018 has not been passed by the General Meeting of shareholders.

Item \ Year		Separate financial information in the last five years (Note 1)				
		2015	2016	2017	2018	2019 (Note 3)
Current assets		54,452,849	59,736,730	53,600,861	68,078,674	68,897,983
property , plant, and equipment		68,683	50,487	552,173	590,324	581,807
Intangible assets		31,355	29,852	36,042	42,252	40,752
Other assets		2,297,826	2,353,452	2,529,993	3,397,526	3,629,123
Total assets		56,850,713	62,170,521	56,719,069	72,108,776	73,149,665
Current liabilities	Before dividend distribution	50,014,125	54,915,655	49,181,440	63,805,024	64,215,319
	After dividend distribution	50,014,125	55,489,377	49,645,993	64,455,397	-
Non-current liabilities		59,481	70,970	70,970	83,202	78,209
Total liabilities	Before dividend distribution	50,073,606	54,986,625	49,251,484	63,888,226	64,293,528
	After dividend distribution	50,603,196	55,560,347	49,716,037	64,538,599	-
Attributable to owners of the parent company		6,777,107	7,183,896	7,467,585	8,220,550	8,856,137
Share capital		2,322,763	2,322,763	2,322,763	2,322,763	2,322,763
Capital reserve	Before dividend distribution	940,976	940,976	940,976	940,976	940,976
	After dividend distribution	940,976	940,976	940,976	940,976	-
Retained earnings	Before dividend distribution	2,694,519	2,991,707	3,291,906	3,776,318	4,296,129
	After dividend distribution	2,164,929	2,417,985	2,827,353	3,125,945	-
Other equity		818,849	928,450	911,940	1,180,493	1,296,269
Treasury stock		0	0	0	0	0
Non-controlling interests		0	0	0	0	0
Total equity	Before dividend distribution	6,777,107	7,183,896	7,467,585	8,220,550	8,856,137
	After dividend distribution	6,247,517	6,610,174	7,003,032	7,570,177	-

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

Note 2: The effect of applying IFRS No. 19 "Employee Benefits," 2013 version, since 2015.

Note 3: As of the date this report was printed, the proposal for the distribution of earnings in 2018 has not been passed by the General Meeting of shareholders.

2. Summary comprehensive income statement

Unit: NT\$ thousand

Item	Consolidated financial information for the latest 5 years (Note 1)				
	2015	2016	2017	2018	2019
Operating revenues	2,929,929	2,933,375	2,921,001	3,638,296	2,918,325
Operating gross profit	1,421,834	1,406,610	1,397,281	1,602,070	882,099
Operating gains and losses	407,954	398,161	376,368	415,785	143,087
Non-operating revenues and expenses	527,166	592,095	648,732	829,797	1,266,925
Earnings before tax	935,120	990,256	1,025,100	1,245,582	1,410,012
Current net profits from continuing operations	777,093	835,706	873,286	1,000,045	1,135,799
gain(loss) from discontinued operations	0	0	0	0	0
Current period net profit (loss)	777,093	835,706	873,286	1,000,045	1,135,799
Current other comprehensive income (post-tax profit or loss)	165,195	100,673	-15,875	217,931	150,161
Total comprehensive income for the period	942,288	936,379	857,411	1,217,976	1,285,960
Net income attributable to owners of the parent company	777,093	835,706	873,286	1,000,045	1,135,799
Net income attributable to non-controlling interests	0	0	0	0	0
Total comprehensive income attributable to owners of the parent company	942,288	936,379	857,411	1,217,976	1,285,960
Total comprehensive income attributable to non-controlling interests	0	0	0	0	0
Base earnings per share (Note 3)	3.35	3.60	3.76	4.31	4.89

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

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

Note 2: The effect of applying IFRS No. 19 "Employee Benefits," 2013 version, since 2015.

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

Unit: NT\$ thousand

Item \ Year	Separate financial information in the last five years (Note 1)				
	2015	2016	2017	2018	2019
Operating revenues	2,929,853	2,884,110	2,887,768	3,431,314	2,738,631
Operating gross profit	1,421,758	1,357,344	1,364,113	1,529,881	1,271,664
Operating gains and losses	426,992	416,879	424,804	479,078	187,566
Non-operating revenues and expenses	508,128	573,377	600,296	766,504	1,222,446
Earnings before tax	935,120	990,256	1,025,100	1,245,582	1,410,012
Current net profits from continuing operations	777,093	835,706	873,286	1,000,045	1,135,799
gain(loss) from discontinued operations	0	0	0	0	0
Current period net profit (loss)	777,093	835,706	873,286	1,000,045	1,135,799
Other comprehensive income for the period (post-tax profit or loss)	165,195	100,673	-15,875	217,931	150,161
Total comprehensive income for the period	942,288	936,379	857,411	1,217,976	1,285,960
Net income attributable to owners of the parent company	777,093	835,706	873,286	1,000,045	1,135,799
Net income attributable to non-controlling interests	0	0	0	0	0
Total comprehensive income attributable to owners of the parent company	942,288	936,379	857,411	1,217,976	1,285,960
Total comprehensive income attributable to non-controlling interests	0	0	0	0	0
Base earnings per share (Note 3)	3.35	3.60	3.76	4.31	4.89

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

Note 2: The effect of applying IFRS No. 19 "Employee Benefits," 2013 version, since 2015.

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

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

Year	Name of auditor	Accounting firm	Audit opinion
2015	Sai-Kai Lin, Hsiu-Ling Li	PwC Taiwan	Unqualified opinion
2016	Sai-Kai Lin, Hsiu-Ling Li	PwC Taiwan	Unqualified opinion
2017	Se-Kai Lin, Po-Ju Kuo	PwC Taiwan	Unqualified opinion
2018	Se-Kai Lin, Po-Ju Kuo	PwC Taiwan	Unqualified opinion
2019	Chiao-Sen Lo, Hsiu-Ling Li	PwC Taiwan	Unqualified opinion

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

(I) Financial analysis

Items of analysis		Year				
		(1) Consolidated financial analysis for the latest 5 years (Note 1)				
		2015	2016	2017	2018	2019
Financial structure%	Debt to assets ratio	88.08	88.45	87.01	88.78	88.08
	Ratio of long-term capital to property, plant and equipment	9687.67	13678.36	1306.71	1354.73	1498.62
Solvency%	Current ratio	109.67	109.47	110.04	108.35	109.06
	Liquid ratio	109.66	109.46	110.03	108.34	109.05
	Interest coverage ratio	0	0	0	0	0
Profitability	Return on assets (%)	1.64	1.40	1.40	1.53	1.54
	Return on equity (%)	10.93	11.97	11.92	12.75	13.30
	Percentage of net profit before tax to the paid-in capital (%)	40.26	42.63	44.13	53.63	60.70
	Net profit margin (%)	26.52	28.49	29.90	27.49	38.92
	Earnings per share (\$) (Notes 3 and 4)	3.35	3.60	3.76	4.31	4.89
Cash flow (Note 5)	Cash flow ratio (%)	0.92	1.67	2.45	1.56	1.60
	Cash flow adequacy ratio (%)	75.81	85.02	90.69	95.03	99.82
	Cash flow reinvestment ratio (%)	-16.55	5.28	8.53	6.55	4.35
Special purpose ratios (%)	Shareholders' equity to adjusted total liabilities ratio	1413.23	897.85	1311.43	1113.07	981.51
	Shareholders' equity to minimum paid-up capital ratio	576.78	619.30	704.49	775.52	835.48
	Adjusted net capital to required margins on futures traders' outstanding position	72.45	82.16	76.13	46.74	47.89
Please describe the reasons for the changes in the financial ratios over the last two years (If the increase or decrease is less than 20%, an analysis is exempted)						
<ol style="list-style-type: none"> 1. The ratio of paid-in capital in the current period fell (EBT) mainly because of the decrease of operating income in the current period. 2. The rise of net income in the current period was mainly caused by the decrease of operating income in the current period. 3. The decline of cash reinvestment ratio in the current period was mainly because of the increase of cash dividend payment and the rise of other noncurrent assets. 						

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

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

Note 2: The effect of applying IFRS No. 19 "Employee Benefits," 2013 version, since 2015.

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

Note 4: Calculations for earnings per share must take into account the following:

① Use weighted average outstanding ordinary shares instead of year-end outstanding shares.

② The weighted average outstanding shares must take into account all cash issues or treasury stock

transactions, and the length of time shares were in circulation.

- ③ Where there is any capitalization from earnings or paid-in capital, the calculation of earnings per share annually or semi-annually should be adjusted retroactively and proportionally to the additional capitalization, but with no need to consider the issuing period of the capitalization.

Note 5: The cash flow analysis must take into account the following:

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

The formula of the various analyses are defined below:

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

Items of analysis		Year	Individual financial analysis within five years (Note 1)			
		2015	2016	2017	2018	2019
Financial structure%	Debt to assets ratio	88.08	88.44	86.83	88.60	87.89
	Ratio of long-term capital to property, plant and equipment	9953.83	14369.77	1365.08	1406.64	1534.18
Solvency%	Current ratio	108.87	108.78	108.99	106.70	107.29
	Liquid ratio	108.87	108.77	108.97	106.69	107.28
	Interest coverage ratio	0	0	0	0	0
Profitability	Return on assets (%)	1.64	1.40	1.47	1.55	1.56
	Return on equity (%)	10.93	11.97	11.92	12.75	13.30
	Percentage of net profit before tax to the paid-in capital (%)	40.26	42.63	44.13	53.63	60.70
	Net profit margin (%)	26.52	28.98	30.24	29.14	41.47
	Earnings per share (\$) (Notes 3 and 4)	3.35	3.60	3.76	4.31	4.89
Cash flow (Note 5)	Cash flow ratio (%)	0.94	1.68	2.78	1.56	1.58
	Cash flow adequacy ratio (%)	80.19	86.49	95.81	99.38	102.85
	Cash flow reinvestment ratio (%)	-16.43	5.38	10.41	6.32	4.00
Special purpose ratios (%)	Shareholders' equity to adjusted total liabilities ratio	1416.59	899.34	1318.05	1134.71	1040.36
	Shareholders' equity to minimum paid-up capital ratio	576.78	619.30	704.49	775.52	835.48
	Adjusted net capital to required margins on futures traders' outstanding position	72.45	82.16	76.13	46.74	47.89

Please describe the reasons for the changes in the financial ratios over the last two years (If the increase or decrease is less than 20%, an analysis is exempted)

1. The ratio of paid-in capital in the current period fell (EBT) mainly because of the decrease of operating income in the current period.
2. The rise in net income in the current period was mainly because of the increase of other incomes and loss.
3. The decline of cash reinvestment ratio in the current period was mainly because of the increase of cash dividend payment and the rise of other noncurrent assets.

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

Note 2: The effect of applying IFRS No. 19 "Employee Benefits," 2013 version, since 2015.

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

Note 4: Calculations for earnings per share must take into account the following:

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

Note 5: The cash flow analysis must take into account the following:

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

The formula of the various analyses are defined below:

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

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

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

For the Company's 2019 consolidated financial statements, financial statements and the 2019 business report and statement of retained earnings presented by the board of directors, in which, the financial statements were audited by CPA Ao-Sen Lo and CPA Hsiu-Ling Li of PricewaterhouseCoopers with an adjusted unqualified opinion stated in the independent auditor's report.

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

Best regards

The 2020 Annual General Meeting of Yuanta Futures Co., Ltd.

The Audit Committee of Yuanta Futures Co., Ltd.
Convener Cho-Min Yu

March 19, 2020

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

Seven. Review of financial status, business performance, and risk management issues

I. Financial status analysis

Unit: NT\$ thousand

Item \ Year	2019	2018	Difference	
			Amount	Variation (%)
Current assets	71,245,136	70,417,004	828,132	1.18
Property and equipment	597,740	612,943	(15,203)	(2.48)
Intangible assets	41,049	42,832	(1,783)	(4.16)
Other assets	2,332,174	2,219,075	113,099	5.10
Total assets	74,216,099	73,291,854	924,245	1.26
Current liabilities	65,326,061	64,988,102	337,959	0.52
Non-current liabilities	101,691	+ 83,202	18,489	22.22
Total liabilities	65,427,752	65,071,304	356,448	0.55
Share capital	2,322,763	2,322,763	0	0.00
Capital reserve	940,976	940,976	0	0.00
Retained earnings	4,296,129	3,776,318	519,811	13.77
Other equity	1,296,269	1,180,493	115,776	9.81
Total shareholders' equity	8,856,137	8,220,550	635,587	7.73

Major changes in assets, liabilities, and shareholders' equity in the last two years (variations more than 20% and amounting to at least NT\$10 million); describe their causes, impacts, and any responsive plans made in the future:

The increase of noncurrent liabilities in the current period was mainly because of the increase of leasehold liabilities noncurrent in the current period as compared with the previous period.

II. Financial Performance Analysis

Unit: NT\$ thousand

Item \ Year	2019	2018	Increase (decrease)	Variation (%)
Operating gross profit	882,099	1,602,070	(719,971)	(44.94)
Operating gains and losses	143,087	415,785	(272,698)	(65.59)
Non-operating revenues and expenses	1,266,925	829,797	437,128	52.68
Earnings before tax	1,410,012	1,245,582	164,430	13.20
Income tax expense	274,213	245,537	28,676	11.68
Current period net profit	1,135,799	1,000,045	135,754	13.57
Other comprehensive income (post-tax profit or loss)	150,161	217,931	(67,770)	(31.10)
Total comprehensive income for the period	1,285,960	1,217,976	67,984	5.58

(I) Significant variations in the last 2 years (for variations above 20%)

Operating gross profit: The brokerage service fee decreased compared to the last period.

Operating profit or loss: The brokerage service fee decreased compared to the last period.

Non-operating income and expense: The income from interest increased compared to the last period.

Other comprehensive incomes (net of taxation): mainly because of the decrease of the unrealized gains from evaluation of the investment in equity instruments at fair value through other comprehensive income statement in the current period as compared with the previous year.

(II) Expected sales and the basis of estimation, the likely impacts on The Company's future financial position, and responsive plans

- (1) The Company will spare no effort in developing several kinds of new business depending on the volatility of the futures business at home and abroad in the future, and provide foreign investors, institutions and individuals the most secure investment environment.
- (2) The Company set its sale objective on the basis of operation performance in the past, and will increase the shares in the futures market and the profitability of the Company depending on the needs in the market.
- (3) Further development of market depending on the outlook of the futures market and operation performance, and prepare for further growth in operation in the future through cautious assessment of capital need.

III. Cash flow analysis

(I) Changes in cash flow for the current year (2018)

Unit: NT\$ thousand

Opening cash balance (1)	Net cash flow from operating/investing activities for the year (2)	Cash outflow for the year (3)	Cash surplus (deficit) (1) + (2) - (3)	Financing of cash deficits	
				Investment plans	Financing plans
5,291,562	610,205	676,822	5,224,945	—	—

Cash flow changes for the current year

Item	Increase (decrease) in net cash flow	Description
Operating activities	\$1,045,012	Due to brokerage business and proprietary trade strategies.
Investing activities	(415,946)	Caused by the increase of financial assets at fair value through other comprehensive financial statements.
finance activities	(676,822)	Caused by the distribution of cash dividends
Foreign exchange impact amount	(18,861)	
Total	(\$66,617)	

(II) Plans to improve liquidity

1. Financing of cash deficits: not applicable.
2. Liquidity analysis for the last 2 years

Unit: NT\$ thousand

Item \ Year	2019	2018	Variation (%)
Cash flow ratio (%)	1.60	1.56	2.56
Cash flow adequacy ratio (%)	99.82	95.03	5.04
Cash flow reinvestment ratio (%)	4.35	6.55	(33.59)
Explanation to major variations:			
(1) The decline of cash reinvestment ratio in the current period was mainly because of the increase of cash dividend payment and the rise of other noncurrent assets.			

(III) Liquidity analysis for the next year (2019)

Unit: NT\$ thousand

Opening cash balance	Expected net cash flow from operating activities for the year	Expected cash outflow for the year	Expected cash surplus (deficit) (1) + (2) - (3) □	Financing of cash deficits	
				Investment plans	Financing plans
5,291,562	953,250	1,236,951	5,007,861	—	—
Responsive measures and liquidity analysis on cash flow deficits: not applicable.					

IV. Material capital expenditures in the latest year and impacts on business performance:

- (I) The implementation of major capital expenditures and the sources of funds: None.
- (II) Material capital expenditures and impacts on business performance: None.

V. The major causes for profits or losses incurred by investments during the most recent year; rectifications and investment plans for the next year**(I) The Company's investment policy**

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

(II) The major causes for profits or losses incurred by invested businesses, and any corrective actions

Unit: NT\$ thousand

Name of investee	Main business activities	Sum of initial investment	Investment gains/ loss recognized in the latest year	Main causes of profit or loss	Corrective plans
Yuanta Futures (HK) Co., Limited	Class I: Securities trade Class II: business dealing in futures contracts Class 4: Consultation in securities Class V: giving advices on futures contracts	1,033,971	15,460	Annual profit improved as compared with the previous year. Stable growth of core business.	Continue the development of B2B and settlement in-kind and prepare to launch Class 1 and Class 4 business
SYF Information Co., Ltd.	IT software and information processing service providers	350,000	(1,039)	Started business operation in late 2012, with only expense expenditures, financial expenditures, loss in in the event that and interest income.	For cost-efficiency in operation, subsidiary Sheng Yuan Futures (Samoa) Co., Limited is in dissolution and liquidation.
SYF Information (SAMOA) Limited (in liquidation)	Investment holding	184,857	(1,256)	Started business operation in late 2012, with only expense expenditures, financial expenditures, loss in in the event that and interest income.	For cost-efficiency in operation, proceed to liquidation.
SYF Information (Shanghai) Limited	IT software and information processing service providers	157,209	(1,868)	Started business operation in 2013. In 2017, it newly increased trading in commodities into its business lines. At the moment, it primarily aimed at gain with own capital and interest income.	1. Adjustment of the proprietary trade strategy and extending the use of capital. 2. Increase the sources of incomes from a diversity of operations. 3. Reduce spending to enhance cost-efficiency.

(III) Investment plan for the coming year: None.

VI. Risk disclosure:

(I) Impacts of interest rates, exchange rates, and inflation to The Company's earnings, and the responsive measures

1. Impacts of exchange rate variations to The Company's profit and loss, and responsive measures in the future

(1) The Company engages in futures services. It derives income mainly from domestic investors, and most of which are denominated in the local currency. For commission revenues denominated in foreign currencies, The Company recognizes them as income at least once a month in accordance with its Customers' Margin Policy. In 2019, changes in the USD exchange rate resulted in a net loss of NT\$22,510 thousand, which represented 0.77% of consolidated revenues and 1.60% of consolidated pre-tax net profit rate. Judging from the above, exchange rate variations had limited impacts on revenues and earnings.

(2) Responses to exchange rate variations: The Company is not in need of making significant payments in foreign currencies, except for placing cash margins or paying USD interests on excess margins received using its foreign currency revenues. As a result, The Company monitors exchange rate movements based on the information provided by its banking partner for the best timing to make exchanges. The timing of currency exchange depends on the exchange rate spread, interest rate spread, capital requirement, and movements in the foreign currency market.

2. Impacts of interest rate variations to The Company's profit and loss, and responsive measures in the future

(1) The Company engages in futures services and generates stable cash streams by offering customers a globalized trading platform, and therefore The Company has no external borrowings. Additionally, futures are traded with prepaid margins where futures traders must first deposit sufficient cash margin before trading in futures or options contract, causing the company to pay interest on customers' margin account. The domestic and overseas customers' margin account in 2012 increased due to the merger of Yuanta Futures. Net interest income for the Company increased from NT\$646,694 thousand in 2018 to NT\$ 1,007,187 thousand in 2019, representing a movement of –NT\$ 360,493 thousand; the rate of change was 55.74%. The impacts of interest rate variations on revenues and net profits increase with total margin balances.

(2) The Company will seek to minimize the impacts of interest rate variations on profit and loss by adopting the optimal financial structure and working closely with banks and various financial institutions to exploit the dynamics of the financial market.

3. Impacts of inflation to The Company's profit and loss, and responsive measures in the future

Inflation triggers changes in interest rates, exchange rates, unemployment rates and other economic uncertainties, and is therefore considered a material factor to the overall economy and financial activities. It is a common consensus around the world that central banks should primarily aim to stabilize commodity prices, because price stability is the only foundation on which an economy is able to achieve balanced and perpetual growth. According to the statistics published by the Directorate-General of Budget, Accounting, and Statistics, Executive Yuan, our consumer price index increased by -0.31%, 1.40%, 0.88%, 0.2% and 0.56% in 2015, 2016, 2017, 2018 and 2019, respectively. Under the effects of rising commodity prices, oil prices, changes in the NT\$ exchange rate and the export price index etc., the wholesale price index increased by -8.84%, -2.99%, -0.74%, 0.75% and -3.42% in 2015, 2016, 2017, 2018 and 2019, respectively.

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

(II) Policies on high risk and highly leveraged investments, loans to others, endorsements / guarantees, and the trading of derivative instruments; describe the main causes of

profit or loss and responsive measures in the future

The Company specializes in derivatives trading mainly in the form of futures and options. All traded instruments have been approved by the competent authority. Within the available capital authorized by the Board of Directors 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 within proper areas of responsibilities, so that every trading strategy and authorized personnel bears limited amounts of quantified risk; and it is within this risk tolerance that The Company seeks to maximize its trading profits.

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

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

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

(III) Future research and development plans, and the projected expenses

1. Future R&D

The R&D function of the Company will persist with its spirit in 2019. In addition to persisting with the output of research reports in depth and in scope, the Company will further its effort in innovation of the reports. In combining digital financial service, the Company presents the reports in image format with the proper use of picture menus and links matching with keywords for circulation on LINE@ to allow the report to become a part of daily lives. Ongoing data push in real-time to intensify the links with overseas markets.

An all new look will be presented, with better featured data for chasing the stars. The text of the messages will be presented in both words and pictures to make it readable and more diversified. In addition, the R&D Department will commit further resources to special reports on institutional investors by industry in alignment with the trend of futures and industry combination. This will include the analysis of the needs of industry institutions in strategic hedge and forward-looking points of view. More services will be provided to satisfy the needs in the industry.

Future research directors of the company IT department:

(1) Domestic Core Accounting System Replacement Project

To maintain the no-lag quote policy and smooth transactions in busy days with drastic quote fluctuation, we upgraded all hardware and software and the accounting system in view of the close connection between the software of the core system and database objects to enhance more applications and services to provide a stable and quality transaction environment.

(2) In supporting the TAIFEX 2020 Information Project

Modification of the internal system in supporting the information project of TAIFEX to complete the development and installation of the front-end trading system and the back-end accounting system for alignment with the functions required by the new system. The futures market and spot market combined for disclosure of transactions on a one-by-one basis from March 23, 2020 onward, which allows for a more efficient and transparent environment for investors in trading.

(3) The project of the development and installation of the new generation of smart trading

platform

Continue the planning and development to meet the needs of the futures business; design and integrate the functions of all electronic platforms to develop the new generation of electronic platform.

(4) E-OTC service - the project of the installation of online account opening platform

In the wake of the development of digital technology, mobile devices became popular and new financial products were also launched to provided modernized style of display compatible with different forms of mobile devices and browsers of the customers, and to provide an integrated platform for business development and convenience of the customers in opening accounts online.

(5) Development and Installation of business intelligence center at the subsidiary of Hong Kong

The Company will install and design the computer room for housing the business intelligence system of futures for the subsidiary of Hong Kong so as to provide quick overseas intelligence link service for the clients/institutional investors and property traders of Hong Kong.

(6) The project of development and installation of CRM system for servicing preferred customers.

The Company follows the principle of “Market-Oriented, Customer-Centered” and has developed and installed its own CRM system. With the entry of real-time data and multidimensional data records, sale units could upgrade their understanding of the customers in full-range and hence improve customer satisfaction and loyalty.

(7) Reinforcement of Information Security:

- ✓ The Company introduced the information security management system and was accredited with the ISO 27001 system.
- ✓ Continue the installation of advanced perpetual protection system against threat, and the project of high priority recall mechanism of the mainframe.
- ✓ The Project of the Security Information and Event Management (SIEM) platform for responding to security threat

2. Estimated R*D expenses

An amount of NT\$22,500 thousand that is equivalent to a certain percentage of the annual turnover will be invested in 2020 to pay for the research expenses in order to respond to customer demand, to show the importance of Research Department to the Company, and to satisfy the needs of business department. Including acquisition of IT equipment, employee job rotation and training, purchase and maintenance of database.

(IV) The effect of major changes in policies and legal practices, whether domestic or foreign, to the company’s financial and business performance, and the responsive actions:

Personnel of Yuanta Securities and subsidiaries always make advance analysis of the impacts on different business types of changes in important policies and laws at home and abroad, such as the AML/CTF policy, fair treatment for customers, compliance risk assessment mechanisms, the Personal Information Protection Act, the Common Reporting Standard, and the EU General Data Protection Regulation. In addition, we adjust related internal operational strategies and SOPs in a timely manner to cope with the impacts of changes in related policies and laws on important policies and laws at home and abroad.

(V) Effects of technological and industrial changes to the company's financial and business performance, and the responsive actions

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

planning for information security enhancement is as follows:

1. The Company introduced the information security management system (ISO 27001 accreditation): The Company introduced the information security management system at international standard for the upgrade of information security management quality and strength in full-scale, and reinforced the internal information security compliance procedure. The Company also diagnosed the security of the information equipment currently in use and the compliance of personnel to provide recommendations on the optimization of information security protection to vitalize the internal information security infrastructure of the organization.
2. Enhancing vertical defense of information security: To defend against advanced persistent threats (APTs), we plan the network intrusion prevention system to enhance vertical defense of information security.
3. Building regional joint defense mechanisms: In short-term development, we will focus on the protection of core business IT systems by filtering suspicious network behaviors and malicious codes in the intranet and extranet, thereby blocking, identifying, tracking, and collecting them to enhance response to information security events and shorten the handling time.
4. Developing trans-sector information security protection: In long-term development, we will develop full-range information security protection measures to reduce the frequency and impact of information security events as the support for business development.

(VI) Impacts of changes in corporate image to the company's crisis management, and the responsive measures

From the day it was first incorporated, The Company had been renowned for its professional management, comprehensive services, and proprietary IT technologies. On top of which was a strong proprietary trading team that delivered top-notch performance and profitability in the futures industry. The Company's professional reputation has long been recognized in the market. 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.

(VII) The expected benefits from mergers and acquisitions, the potential risks associated, and the responsive measures

Through merger, the two parties can make the best allocation of their overlapping businesses, personnel, software and hardware to improve competitive advantage, and thereby strengthening business foundations as a whole, achieve economies of scale, and raise worldwide competitiveness.

(VIII) The expected benefits from plant expansion, the potential risks associated, and the responsive measures: none.

(IX) Risks of concentrated purchases or sales, and responsive measures to such risks: not applicable.

(X) The risks and impacts of significant shareholding transfers by directors, supervisors, or major shareholders with more than 10% ownership interest, and the responsive measures to such risks

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

(XI) The effects, risks and responsive measures associated with changes in management

The main operational plans of the company are proposed by professional managers after evaluating of the overall industry and market environment, and then executed after approval by the board of directors. The company has also established complete organizational structure with clear distinctions on the responsibilities of each department. And through effective internal control systems, coordination and communications between departments to fully realize operational

strategies with operational efficiency and ensuring operating result, so a change in operational right has minimal impact on company operation and risk.

(XII)Litigation and non-contentious cases:

1. For any material litigations, non-litigious or administrative disputes (whether concluded or pending for judgment) in the last 2 years up till the publishing date of this annual report that may produce material impacts to shareholders' equity or securities prices, information regarding the underlying facts, amounts, starting date, parties involved and the current progress must be disclosed:

Facts	Target Amount (NT\$)	Commencement date of litigation	Main parties involved in the litigation	Status up to the publish date of annual report	Remarks
Client Ma claimed that the Company employed a sale person with negative qualification (former employee Hsu). Hsu used exaggerated promotional materials and cheated Ma such that the transaction was conducted by computer program. But the truth is that Hsu conducted futures trade on behalf of Ma, to the extent that damage was caused. As such, Ma instated a civil lawsuit on charge of tort and demanded the Company and former employee Hsu to assume joint and several liabilities.	(First trial) Calculate the interest of NT\$290,230 and US\$196,124.5 at 5% per annum. (Additional claim added in the second instance) USD 36,651.	March 12, 2012	Defendant: The Company (previously known as MF Global Futures) and former employee, Hsu, were co-defendants; Complainant Client Ma	1. Taiwan Taipei District Court ruled to dismiss the lawsuit that was filed by the plaintiff. The Company had won the lawsuit. 2. The customer objected to the ruling with an appeal filed. Taiwan High Court had a ruling delivered in March 2016 after the trial and it was ruled in favor of the Company. 3. The customer disagreed with the third instance of the appeal, and the Supreme Court ordered the Taiwan High Court to retrial the case. 4. The verdict of the Modified 1 st Trial from High Court of Taiwan on November 22, 2019 that former employee Hsu and the Company shall assume joint and several liabilities constituting 30% of the loss to the client. The Company won in part and lost in part simultaneously. The Company filed an appeal on the losing part of the ruling.	The case has no significant impacts to The Company's operation or shareholders' equity.
(Former) Employee Hong applied for retirement and claimed that the notice of the discontinued company, Polaris Securities, had caused the loss of salary, bonus, and special retention to him; therefore, a civil suit was filed.	(First trial) Requested a salary and bonus for an amount of NT\$19,080 and special retention amount of NT\$6,197,520 and statutory interest. (Second trial) (1) The Company appealed for an amount of NT\$813,730 and statutory interest. (2) Hong appealed for an amount of NT\$5,402,900, then reduced to NT\$4,775,246 and statutory interest. (First trial) Further to the part under the original	June 6, 2015	Defendant: The Company. Complainant Former employee Hung	1. In January, 2016, Taiwan Taipei District Court ruled recently that the Company should pay NT\$813,730 to Hong and the interest at 5% per annum for the period from June 16, 2015 to the liquidation date. 2. Both the Company and Hong had appealed to Taiwan High Court. 3. A ruling was delivered by Taiwan High Court in December 2016 with the original judgment regarding the Company's paying principal and interest for an amount of NT\$2664 and the Company's bearing the litigation expense revoked. Regarding the aforementioned revocation, the plea of Hong in the first trial was dismissed. Hong's appeal and the Company's appeals were both dismissed. The Company had paid NT\$2,664 for the principal and interest according to the ruling delivered by the court; therefore,	The case has no significant impacts to The Company's operation or shareholders' equity.

	ruling, Hung claimed the sum of NT\$4,772,290 and mandatory interest from the Company.			an appeal to the Supreme Court was prohibited. 4. Client Hung disagreed with the ruling and appealed for a 3 rd trial. The ruling of overruling the appeal of Hung and the request for payment of NT\$797,606 in principal and interest being annulled was returned to the High Court of Taiwan in the ruling of March 2019. Other appeals were overruled. (the original ruling of the 2 nd trial to effect payment of NT\$2,664 as salaries and bonus is final). 5. Modified 1 st trial at High Court of Taiwan in proceeding.	
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2. Material litigations, non-litigious or administrative disputes (whether concluded or pending for judgment) involving the The Company or its Directors, President, representative, major shareholders with more than 10% shareholding, or affiliates in the last year up till the publishing date of this annual report, which may significantly affect shareholders' equity or securities prices: none.

(XIII) Other significant risks and responsive measures:

The Company's risk management structure:

The risk management organization of the company includes the board of directors, audit committee, senior managements, audit department, risk management department, legal compliance department, and all business units to collective form three layers in risk management.

1. First Layer: Each business unit is the department for the daily operation and management, and is the unit and personnel for risk identification, self-evaluation and execution and implementation of controls.
2. Second layer: the executive management, Risk Management, and Compliance are responsible for monitoring and managing risks based on The Company's risk appetite, and implementing responsive measures.
3. Third layer: the Board of Directors, Audit Committee, and Auditing Department are the third line of defense for Risk Management. The Auditing Department adopts a risk-oriented auditing approach. The Board of Directors and the Audit Committee, in addition to setting annual risk tolerance, have the risk of the overall business and management assessed comprehensively to ensure that the risks of the Company are within the effective control.

VII. Other important matters: The Company did not adopt the hedge accounting principle.

Eight. Special remarks

I. Affiliated companies

Please see pages 146~152 of this annual report

II. Private placement of securities during the latest year up till the publication date of this annual report: none.

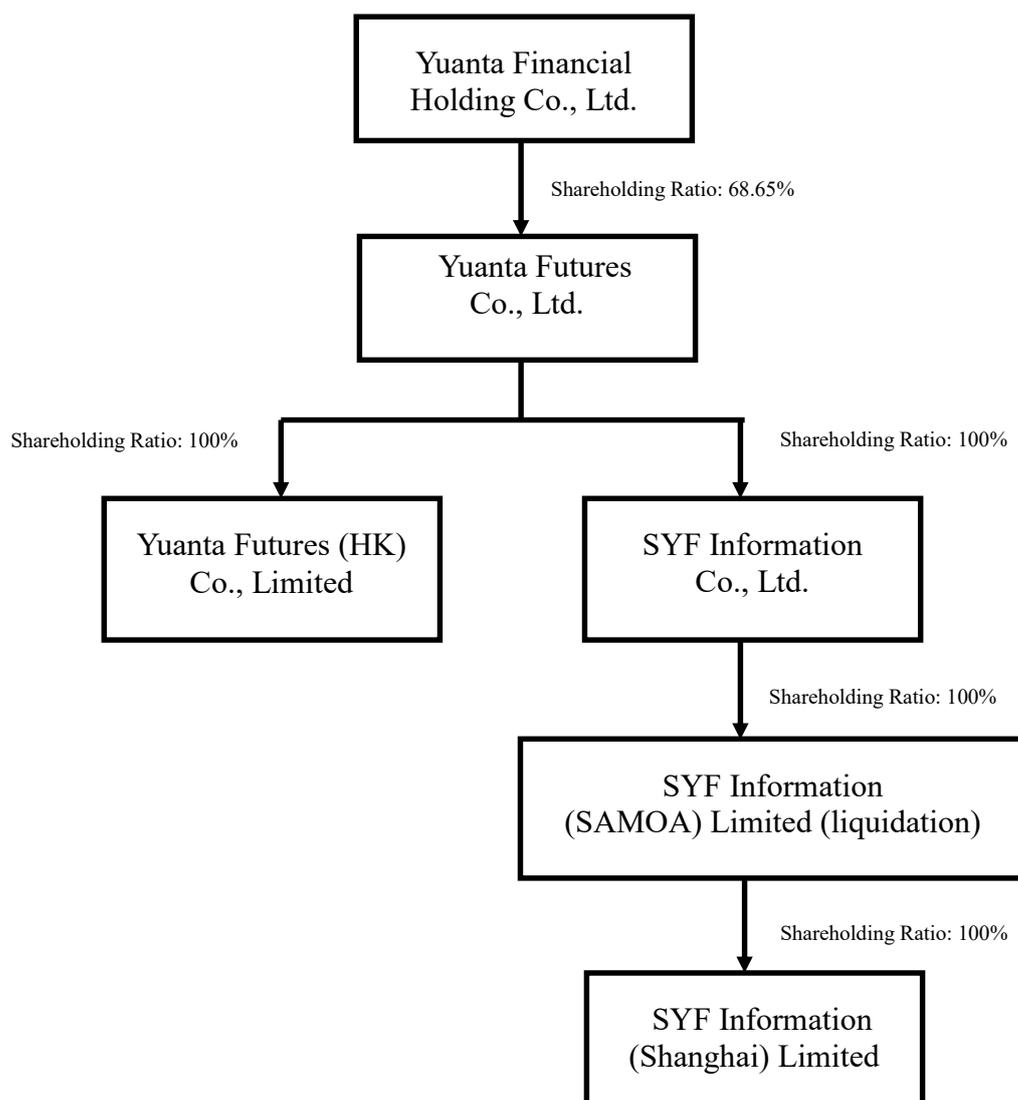
III. Holding or disposal of the company's shares by its subsidiaries during the latest financial year, up to the publication date of this annual report: None.

IV. Other necessary information: The items undertaken by the company at the time of going OTC has always been declared to the GRSM quarterly as required, and there is no uncompleted undertakings for OTC yet.

V. Occurrences of events defined under Article 36-2-2 of the Securities and Exchange Act in the latest year up till the publishing date of this annual report that significantly impacted shareholders' equity or security prices: none.

(I) Affiliation Consolidated Business Reports
1. Organization Chart of Affiliates and equity structure

Reinvestment organization chart and related enterprises of Yuanta Futures



2. Basic information of affiliated enterprises

In NT\$ thousand, USD thousand, RMB thousand

Date of information: January 31, 2020

Name of enterprise	Date of foundation	Address	Paid-up Capital	Main business activities or products
Yuanta Futures (HK) Co., Limited	2010.12.02	Unit 1304,13th/F, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong	US\$ 34,000	Class 1: Securities trade Class 2: business dealing in futures contracts Class 4: Consultation in securities Class 5: giving advices on futures contracts
SYF Information Co., Ltd.	2012.11.09	2F., No. 895, Sec. 4, Bade Rd., Nangang Dist., Taipei City	NT\$350,000	Information management, information software services, information software wholesale and retail
SYF Information (SAMOA) Limited	2012.11.15	Portcullis Chambers P. O. Box 1225, Apia, SAMOA	US\$5,800	Investment holding
SYF Information (Shanghai) Limited	2013.04.02	Room A113, 1F, Building #4, No. 88 North Zhangjiabin Road, Budong New District, Shanghai.	CNY\$33,080	Calculator software, e-commerce software, and banking software research and development, production, sale of proprietary products, and the relevant technical advisory services; investment consultation; metal materials (except for precious metals, rare metals, and steels) and its products, chemical raw materials (except for special chemicals and hazardous chemicals) and its products, plastics and its products, rubber products, mineral products (except for the controlled items), asphalt wholesale, agency commission (except for auction), and import and export (The quota and chartered merchandises other than those traded by the states should be applied for in accordance with the relevant regulations. The items subject to the approval of the law should not be promoted commercially without the approval of the relevant department.)

3. Information on directors, supervisors, and general managers of affiliated enterprises

Date of information: January 31, 2020

Name of enterprise	Title	Name or the representative person	Shares held		Remarks	
			Shares (Thousand Shares)	Shareholding percentage	Personal shareholding of the representative person	Shares (Thousand Shares)	Shareholding percentage
Yuanta Futures (HK) Co., Limited	Director Director Director Director Director President COO	Hsiao-Ling Chou Chun-Chieh Wang Chun-Hang Jen Lai-E Yen Chun-Hao Chang Chun-Hang Jen Fu-Chi Hsieh	34,000 (Note 1)	100% (Note 1)	-	-
SYF Information Co., Ltd.	Chairman Director Director Supervisor	Yuanta Futures Co., Ltd. Representative: Chun-Chieh Wang Hsiao-Ling Chou Hsin-Hsien Li Ching-Ying Chen	35,000	100%	-	-
SYF Information (SAMOA) Limited (in liquidation)	Director Director Director	SYF Information Co., Ltd. Representative: Chun-Chieh Wang Hsiao-Ling Chou Lai-E Yen	5,800	100%	-	-
SYF Information (Shanghai) Limited	Chairman Director Director Supervisors	SYF Information (SAMOA) Limited Representative: Chun-Hang Jen Hsiao-Ling Chou Lai-E Yen Ching-Ying Chen	- (Note 2)	100%	-	-

Note 1: All shares of that company are solely held by its sole shareholder, i.e., Yuanta Futures Co., Ltd.

Note 2: The company is organized as a limited company; therefore, it is with stock rights but not stock shares.

4. Business Performance of Affiliated Enterprises

Unit: NT\$ thousand

Date of information: December 31, 2019

Name of enterprise	Share capital	Total assets	Total liabilities	Net value	Operating revenues	Operating profit	Current period profit (loss) (After tax)	Earnings per share (\$) (After tax)
Yuanta Futures (HK) Co., Limited	1,026,826	2,771,879	1,783,156	988,723	182,034	(39,697)	15,460	0.45
SYF Information Co., Ltd.	350,000	286,753	212	286,541	-	(1,226)	(1,039)	(0.03)
SYF Information (SAMOA) Limited (in liquidation)	174,615	145,028	-	145,028	-	(123)	(1,256)	(0.22)
SYF Information (Shanghai) Limited	143,005	120,231	850	119,381	7,677	(1,878)	(1,868)	-

(II) The affiliate's consolidated financial statements: Please refer to attachment of this annual report.

(III) Affiliation Report

1. Relationship between the controlling and the controlled company

Unit: shares; %

The Name of Controlling Company	Means of Control	Shares Held and Pledged by the Controlling Company			Directors, Supervisors or Managers Appointed by the Controlling Company	
		Number of shares held	Shareholding percentage	Shares Pledged	Title	Name
Yuanta Financial Holding Co., Ltd.	Exercises significant influence	159,467,282	68.65	-	Chairman Director Director Director Director Director	Tien-Fu Lin Hsiao-Ling Chou Yueh-Tsang Li Hsien-Tao Chiu Zheng-hua Sun Mei-Ling Kuo

Note: The cut-off date for the above information was scheduled on December 31, 2019. As of December 31, 2019, the Company had 232,276,288 shares in circulation.

2. Transactions with the above parties:

- (1) Trading of inventory: none.
- (2) Trading of property: none.
- (3) Financing: none.
- (4) Asset lease: none.
- (5) Other major transactions: As of December 31, 2019, the Company shared the expenses incurred from other business and management of Yuanta Financial Holding. Other related payables amounted to NT\$979 thousand.

3. Guarantees and endorsements: none.

4. Disclosure of other financial or business items with material impact: none.

Declaration

The Company's 2019 Affiliation Report (for the period from January 1 to December 31, 2019) has been prepared in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises". No material discrepancies were found between the information disclosed in the above report and the notes to financial statements for the corresponding period.

Declared by:

Company name: Yuanta Futures Co., Ltd.
Chairman: Tien-Fu Lin
March 19, 2020

Auditor’s opinion on relationship report

(109) Zi-Kuai-Zhong-Zi No.19008463

Recipient: Yuanta Futures Co., Ltd.

The Company hereby declares that the 2019 Business Report was prepared in accordance with the “Regulations Governing the Preparation of Affiliate’s Consolidated Business Reports, Affiliate’s Consolidated Financial Reports, and Relationship Reports;” also, the information disclosed in the 2019 Business Report was not significantly different from the information disclosed in the Notes to the financial reports referred to above.

We have compared the business report that was prepared in accordance with the “Regulations Governing the Preparation of Affiliate’s Consolidated Business Reports, Affiliate’s Consolidated Financial Reports, and Relationship Reports” and the information disclosed in the Notes to the 2019 financial reports without any significant nonconformity found.

PwC Taiwan

CPA

Chiao-Sen Lo

Hsiu-Ling Li

To Financial Supervisory Commission

Approval Document No.: Jin-Guan-Zheng-Shen-Zi
No. 1070323061

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

Approval Document No.: Jin-Guan-Zheng-6-Zi
No. 0960038033

March 19, 2020

Attachment

**YUANTA FUTURES CO., LTD. AND
SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT ACCOUNTANTS**

DECEMBER 31, 2019 AND 2018

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

PWCR19000292

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

Opinion

We have audited the accompanying consolidated balance sheets of Yuanta Futures Co., Ltd. and its subsidiaries (the “Group”) as at December 31, 2019 and 2018, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Yuanta Futures Co., Ltd. and its subsidiaries as at December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants”, “Regulation Governing the Preparation of Financial Reports by Securities Firms” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for Opinion

We conducted our audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China (ROC GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the “code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key audit matters for the Group’s consolidated 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(8); for critical accounting estimates and assumption uncertainty of the fair value of unlisted stocks, please refer to Note 5; 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, 2019 was NT\$ 1,518,539 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 decision 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, 2019.

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 the methods, assumptions and inputs 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 selected 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.

Other matter – Parent company only financial reports

We have audited and expressed an unmodified opinion on the parent company only financial statements of Yuanta Futures Co., Ltd. as at and for the years ended December 31, 2019 and 2018.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants”, “Regulation Governing the Preparation of Financial Reports by Securities Firms” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations’ as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and

timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Lo, Chiao-Sen

Lee, Hsiu-Ling

For and on behalf of PricewaterhouseCoopers, Taiwan

March 19, 2020

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

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

YUANTA FUTURES CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

ASSETS	Notes	December 31, 2019		December 31, 2018		
		AMOUNT	%	AMOUNT	%	
Current assets						
111100	Cash and cash equivalents	6(1) and 7	\$ 5,224,945	7	\$ 5,291,562	7
112000	Financial assets at fair value through profit or loss - current	6(2), 7 and 11	316,294	1	244,675	1
113200	Financial assets at fair value through other comprehensive income - current	6(5)	581,447	1	155,525	-
114070	Margin deposits	6(3) and 7	64,708,416	87	64,540,616	88
114080	Futures trading margin receivable	6(4)	-	-	1,022	-
114100	Security lending deposits		45,844	-	-	-
114130	Accounts receivable		55,995	-	2,960	-
114140	Accounts receivable - related parties	7	2,377	-	4,033	-
114150	Prepayments		7,356	-	6,343	-
114170	Other receivables		31,441	-	27,919	-
114180	Other receivables - related parties	7	12,412	-	15,135	-
114300	Leverage margin contract trading client margin deposits	7	258,250	-	126,850	-
114600	Current income tax assets		341	-	341	-
119000	Other current assets		18	-	23	-
110000	Subtotal current assets		<u>71,245,136</u>	<u>96</u>	<u>70,417,004</u>	<u>96</u>
Non-current assets						
123200	Financial assets at fair value through other comprehensive income - non-current	6(5)	1,518,539	2	1,404,019	2
123300	Financial assets at amortised cost - non-current	6(6)	-	-	92,333	-
125000	Property and equipment	6(9)	597,740	1	612,943	1
125800	Right-of-use assets	6(10)	67,790	-	-	-
127000	Intangible assets	6(11)	41,049	-	42,832	-
128000	Deferred income tax assets		25,074	-	23,995	-
129010	Operating guarantee deposits	6(7), 7 and 8	145,799	-	145,886	-
129020	Clearing and settlement funds	6(8)	535,686	1	492,788	1
129030	Refundable deposits	7	38,487	-	38,323	-
129130	Prepayment for equipment		66,503	-	21,300	-
129990	Other non-current assets - Other		2,086	-	431	-
120000	Subtotal non-current assets		<u>3,038,753</u>	<u>4</u>	<u>2,874,850</u>	<u>4</u>
906001	Total assets		<u>\$ 74,283,889</u>	<u>100</u>	<u>\$ 73,291,854</u>	<u>100</u>

(Continued)

YUANTA FUTURES CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

LIABILITIES AND EQUITY	Notes	December 31, 2019		December 31, 2018		
		AMOUNT	%	AMOUNT	%	
Current liabilities						
212000	Financial liabilities at fair value through profit or loss - current	6(2) and 11	\$ 72,099	-	\$ 20,089	-
214080	Futures traders' equity	6(3) and 7	64,525,451	87	64,332,759	88
214100	Leverage margin contract transaction traders' equity		225,185	-	103,735	-
214130	Accounts payable		104,415	-	123,995	-
214140	Accounts payable - related parties	7	14,704	-	18,993	-
214160	Collection for third parties		6,322	-	7,179	-
214170	Other payables		252,319	1	205,909	1
214180	Other payables - related parties	7	1,296	-	923	-
214600	Current income tax liabilities		72,463	-	150,338	-
216000	Lease liabilities - current	7	36,089	-	-	-
219000	Other current liabilities		15,718	-	24,182	-
210000	Subtotal current liabilities		<u>65,326,061</u>	<u>88</u>	<u>64,988,102</u>	<u>89</u>
Non-current liabilities						
226000	Lease liabilities - non-current	7	31,884	-	-	-
229000	Other non-current liabilities	6(12)	69,807	-	83,202	-
220000	Subtotal non-current liabilities		<u>101,691</u>	<u>-</u>	<u>83,202</u>	<u>-</u>
906003	Total liabilities		<u>65,427,752</u>	<u>88</u>	<u>65,071,304</u>	<u>89</u>
Equity attributable to owners of the parent company						
Capital						
301010	Common stock	6(13)	2,322,763	3	2,322,763	3
Additional paid-in capital						
302000	Capital surplus	6(14)	940,976	1	940,976	1
Retained earnings						
304010	Legal reserve	6(16)	907,430	1	807,426	1
304020	Special reserve	6(15)(16)	2,074,901	3	1,875,370	3
304040	Undistributed earnings	6(16)	1,313,798	2	1,093,522	1
Other equity						
305000	Other equity interest	6(17)	1,296,269	2	1,180,493	2
906004	Total equity		<u>8,856,137</u>	<u>12</u>	<u>8,220,550</u>	<u>11</u>
906002	Total liabilities and equity		<u>\$ 74,283,889</u>	<u>100</u>	<u>\$ 73,291,854</u>	<u>100</u>

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

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

Items	Notes	Year ended December 31				
		2019		2018		
		AMOUNT	%	AMOUNT	%	
Revenues						
401000	Brokerage	6(18) and 7	\$ 2,737,896	94	\$ 3,439,375	95
410000	Gain (loss) on trading of securities	6(2)(19)	9,646	-	(16,277)	-
421300	Dividend income	6(2) and 7	4,768	-	1,491	-
421500	Gain (loss) on valuation of trading securities	6(2)	8,272	-	(571)	-
421600	Losses (gains) on covering of borrowed securities and bonds with resale agreements-short sales	6(2)	(12,813)	-	15,679	1
421610	Valuation losses on borrowed securities and bonds with resale agreements-short sales at fair value through profit or loss	6(2)	(16,273)	-	(381)	-
424200	Securities commission revenue	7	3,419	-	4,743	-
424300	Clearance fee from consignment	6(20) and 7	67,101	2	83,717	2
424400	Net gain on derivative financial instruments	6(2)(21)	95,757	3	84,151	2
424900	Futures advisory revenues		11,766	1	14,259	-
425100	Losses arising from derecognition of financial assets measured at amortised cost	6(6)	(8)	-	-	-
428000	Other operating revenues	7	8,794	-	12,110	-
400000	Total revenues		<u>2,918,325</u>	<u>100</u>	<u>3,638,296</u>	<u>100</u>
Costs and expenses						
501000	Brokerage fee	6(22)	(485,615)	(17)	(620,625)	(17)
502000	Dealer handling fee	6(22)	(4,725)	-	(6,692)	-
521200	Interest expense	7	(81,451)	(3)	(52,617)	(2)
425300	Expected credit impairment reversal gains and (losses)		2,780	-	(89,113)	(3)
524100	Futures commission	6(23) and 7	(632,586)	(22)	(775,740)	(21)
524300	Clearance fee	6(24)	(380,488)	(13)	(488,057)	(14)
528000	Other operating fee		(1,204)	-	(3,382)	-
531000	Employee benefit expense	6(26)	(679,184)	(23)	(625,300)	(17)
532000	Depreciation and amortization	6(25)	(89,016)	(3)	(49,985)	(1)
533000	Other operating expenses	6(25) and 7	(423,749)	(14)	(511,000)	(14)
500000	Total costs and expenses		<u>(2,775,238)</u>	<u>(95)</u>	<u>(3,222,511)</u>	<u>(89)</u>
Operating income						
602000	Other gains and losses	6(2)(27) and 7	1,266,925	43	829,797	23
902001	Income before income tax		<u>1,410,012</u>	<u>48</u>	<u>1,245,582</u>	<u>34</u>
701000	Income tax expense	6(28)	(274,213)	(9)	(245,537)	(7)
902005	Net income		<u>\$ 1,135,799</u>	<u>39</u>	<u>\$ 1,000,045</u>	<u>27</u>

(Continued)

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

Items	Notes	Year ended December 31			
		2019		2018	
		AMOUNT	%	AMOUNT	%
Other comprehensive income					
Items that will not be reclassified to profit or loss					
805510	Remeasurement of defined benefit obligations	6(12)		\$ 4,511	- (\$ 16,482) (1)
805540	Unrealized gain on equity instrument investment measured at fair value through other comprehensive income	6(5)(17)		166,209	6 205,687 6
805599	Income tax related to components of items not to be reclassified	6(28)		(902)	- 3,272 -
Items that may be reclassified to profit or loss subsequently					
805610	Translation gain and loss on the financial statements of foreign operating entities	6(17)		(19,657)	(1) 25,454 1
805000	Total other comprehensive income (net of tax)			\$ 150,161	5 \$ 217,931 6
902006	Total comprehensive income			\$ 1,285,960	44 \$ 1,217,976 33
Consolidated net income attributable to:					
	Owners of the parent			\$ 1,135,799	39 \$ 1,000,045 27
Consolidated comprehensive income attributable to:					
	Owners of the parent			\$ 1,286,960	44 \$ 1,217,976 33
Earnings per share (in New Taiwan Dollars)					
	Basic and diluted earnings per share	6(29)		\$ 4.89	\$ 4.31

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

YUANTA FUTURES CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent									
		Capital surplus		Retained earnings			Other equity interest				
		Common stock	Paid-in capital in excess of par value	Paid-in capital from business merger	Legal reserve	Special reserve	Undistributed earnings	Translation gain and loss on the financial statements of foreign operating entities	Unrealized gain on equity instrument investment measured at fair value through other comprehensive income	Unrealized gain on available- for- sale financial assets	Total equity
Notes											
<u>For the year ended December 31, 2018</u>											
	Balance, January 1, 2018	\$ 2,322,763	\$ 894,643	\$ 46,333	\$ 720,097	\$ 1,696,347	\$ 875,462	(\$ 27,276)	\$ -	\$ 939,216	\$ 7,467,585
	Effect of adopting IFRS 9 retrospectively	-	-	-	-	-	(317)	104	938,971	(939,216)	(458)
6(17)	Balance, January 1, 2018 after adjustments	<u>2,322,763</u>	<u>894,643</u>	<u>46,333</u>	<u>720,097</u>	<u>1,696,347</u>	<u>875,145</u>	<u>(27,172)</u>	<u>938,971</u>	<u>-</u>	<u>7,467,127</u>
	Net income for the year	-	-	-	-	-	1,000,045	-	-	-	1,000,045
6(5)(17)	Other comprehensive income for the year	-	-	-	-	-	(13,210)	25,454	205,687	-	217,931
	Total comprehensive income	-	-	-	-	-	<u>986,835</u>	<u>25,454</u>	<u>205,687</u>	<u>-</u>	<u>1,217,976</u>
6(16)	Appropriations of 2017 earnings:										
	Legal reserve	-	-	-	87,329	-	(87,329)	-	-	-	-
	Special reserve	-	-	-	-	179,023	(179,023)	-	-	-	-
	Cash dividends	-	-	-	-	-	(464,553)	-	-	-	(464,553)
6(5)(17)	Disposal of equity instrument investment measured at fair value through other comprehensive income	-	-	-	-	-	(37,553)	-	37,553	-	-
	Balance, December 31, 2018	<u>\$ 2,322,763</u>	<u>\$ 894,643</u>	<u>\$ 46,333</u>	<u>\$ 807,426</u>	<u>\$ 1,875,370</u>	<u>\$ 1,093,522</u>	<u>(\$ 1,718)</u>	<u>\$ 1,182,211</u>	<u>\$ -</u>	<u>\$ 8,220,550</u>
<u>For the year ended December 31, 2019</u>											
	Balance, January 1, 2019	<u>\$ 2,322,763</u>	<u>\$ 894,643</u>	<u>\$ 46,333</u>	<u>\$ 807,426</u>	<u>\$ 1,875,370</u>	<u>\$ 1,093,522</u>	<u>(\$ 1,718)</u>	<u>\$ 1,182,211</u>	<u>\$ -</u>	<u>\$ 8,220,550</u>
	Net income for the year	-	-	-	-	-	1,135,799	-	-	-	1,135,799
6(5)(17)	Other comprehensive income for the year	-	-	-	-	-	3,609	(19,657)	166,209	-	150,161
	Total comprehensive income	-	-	-	-	-	<u>1,139,408</u>	<u>(19,657)</u>	<u>166,209</u>	<u>-</u>	<u>1,285,960</u>
6(16)	Appropriations of 2018 earnings:										
	Legal reserve	-	-	-	100,004	-	(100,004)	-	-	-	-
	Special reserve	-	-	-	-	199,531	(199,531)	-	-	-	-
	Cash dividends	-	-	-	-	-	(650,373)	-	-	-	(650,373)
6(5)(17)	Disposal of equity instrument investment measured at fair value through other comprehensive income	-	-	-	-	-	30,776	-	(30,776)	-	-
	Balance, December 31, 2019	<u>\$ 2,322,763</u>	<u>\$ 894,643</u>	<u>\$ 46,333</u>	<u>\$ 907,430</u>	<u>\$ 2,074,901</u>	<u>\$ 1,313,798</u>	<u>(\$ 21,375)</u>	<u>\$ 1,317,644</u>	<u>\$ -</u>	<u>\$ 8,856,137</u>

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

YUANTA FUTURES CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31	
		2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 1,410,012	\$ 1,245,582
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(9)(10)(25)	78,971	42,827
Amortization	6(11)(25)	10,045	7,158
Interest income	6(27)	(1,088,639)	(699,311)
Interest expense		81,451	52,617
Dividends income		(119,144)	(74,347)
Expected credit impairment reversal gains and (losses)		(2,780)	89,113
Gain on disposal of property and equipment	6(9)	(92)	-
Loss on disposal of financial assets at amortised cost		8	-
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss - current		(71,619)	(98,002)
Margin deposits		(167,800)	(14,897,752)
Futures trading margin receivable		3,749	(90,158)
Security lending deposits		(45,844)	6,130
Accounts receivable		(53,035)	8,481
Accounts receivable - related parties		1,656	795
Prepayments		(1,013)	1,536
Other receivables		(1,084)	57
Other receivables - related parties		73	(145)
Leverage margin contract trading client margin deposits		(131,400)	(81,478)
Other current assets		5	(10)
Other non-current assets - Other		(1,655)	(431)
Changes in operating liabilities			
Financial liabilities at fair value through profit or loss - current		52,010	12,640
Futures traders' equity		192,692	14,900,098
Leverage margin contract transaction traders' equity		121,450	58,922
Accounts payable		(19,580)	(4,216)
Accounts payable - related parties		(4,289)	(5,661)
Collection for third parties		(857)	1,450
Other payables		41,633	1,595
Other payables-related parties		385	182
Other financial liabilities - current		-	(500)
Other current liabilities		(8,464)	839
Other non-current liabilities		(13,395)	(3,324)
Cash inflow generated from operations		263,450	474,687
Interest received		1,089,162	680,580
Interest paid		(76,686)	(52,447)
Dividends received		118,644	74,347
Income tax paid		(349,558)	(161,615)
Net cash flows from operating activities		<u>1,045,012</u>	<u>1,015,552</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through other comprehensive income		(1,529,345)	(216,766)
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(5)	1,155,112	326,715
Acquisition of financial assets at amortised cost		(31,298)	-
Proceeds from disposal of financial assets at amortised cost		31,133	-
Proceeds from repayments of financial assets at amortised cost		92,102	-
Acquisition of property and equipment	6(9)	(29,789)	(31,727)
Proceeds from disposal of property and equipment	6(9)	382	-
Increase in intangible assets	6(11)	(1,748)	(2,639)
Decrease in operating guarantee deposits		87	1,282
Increase in clearing and settlement funds		(42,898)	(50,219)
Increase in refundable deposits		(164)	(15,500)
Increase in prepayment for equipment		(59,520)	(69,355)
Net cash flows used in investing activities		<u>(415,946)</u>	<u>(58,209)</u>

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YUANTA FUTURES CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31	
		2019	2018
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Repayments of principal portion of lease liabilities		(\$ 26,449)	\$ -
Payment of cash dividends	6(16)	(650,373)	(464,553)
Net cash flows used in financing activities		(676,822)	(464,553)
Effect of change in foreign exchange rates		(18,861)	22,209
Net (decrease) increase in cash and cash equivalents		(66,617)	514,999
Cash and cash equivalents at beginning of year		5,291,562	4,776,563
Cash and cash equivalents at end of year		\$ 5,224,945	\$ 5,291,562

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

YUANTA FUTURES CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

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

1. HISTORY AND ORGANIZATION

Yuanta Futures Co., Ltd.’s (the “Company”) and its subsidiaries’ (collectively referred herein as the “Group”) 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 Group 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 Group ceased engaging in futures business management. As of December 31, 2019, the Company had 4 branches.

(3) As of December 31, 2019 and 2018, the Group had 411 and 398 employees, respectively.

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

These consolidated financial statements were authorized for issuance by the Board of Directors on March 19, 2020.

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 2019 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 9, ‘Prepayment features with negative compensation’	January 1, 2019
IFRS 16, ‘Leases’	January 1, 2019
Amendments to IAS 19, ‘Plan amendment, curtailment or settlement’	January 1, 2019

Amendments to IAS 28, ‘Long-term interests in associates and joint ventures’	January 1, 2019
IFRIC 23, ‘Uncertainty over income tax treatments’	January 1, 2019
Annual improvements to IFRSs 2015-2017 cycle	January 1, 2019

Except for the following, the above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

IFRS 16, ‘Leases’

- A. IFRS 16, ‘Leases’, replaces IAS 17, ‘Leases’ and related interpretations and SICs. The standard requires lessees to recognize a ‘right-of-use asset’ and a ‘lease liability’ (except for those leases with terms of 12 months or less and leases of low-value assets). The accounting stays the same for lessors, which is to classify their leases as either finance leases or operating leases and account for those two types of leases differently. IFRS 16 only requires enhanced disclosures to be provided by lessors.
- B. The Group has elected to apply IFRS 16 by not restating the comparative information (referred herein as the ‘modified retrospective approach’) when applying “IFRSs” effective in 2019 as endorsed by the FSC. Accordingly, the Group increased ‘right-of-use asset’ and ‘lease liability’ both by \$57,259 on January 1, 2019.
- C. The Group has used the following practical expedients permitted by the standard at the date of initial application of IFRS 16:
 - (A)The accounting for operating leases whose period will end before December 31, 2019 are treated as short-term leases and accordingly, rent expense of \$10,518 was recognised for the year ended December 31, 2019.
 - (B)The exclusion of initial direct costs for the measurement of ‘right-of-use asset’.
 - (C)The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.
- D. The Group calculated the present value of lease liabilities by using the weighted average incremental borrowing interest rate range from 0.78% to 0.92%.
- E. The Group recognised lease liabilities which had previously been classified as ‘operating leases’ under the principles of IAS 17, ‘Leases’. The reconciliation between operating lease commitments under IAS 17 measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate and lease liabilities recognised as of January 1, 2019 is as follows:

Operating lease commitments disclosed by applying IAS 17 as at December 31, 2018	\$	68,695
Add: Lease payable recognised under finance lease by applying IAS 17 as at December 31, 2018		-
Less: Short-term leases	(	10,518)
Add: Lease contracts previously identified as service agreements		-
Less: Contracts reassessed as service agreements	(	464)

Add/Less: Adjustments as a result of a different treatment of extension and termination options	-
Add/Less: Adjustments relating to changes in the index or rate affecting variable lease payments	-
Total lease contracts amount recognised as lease liabilities by applying IFRS 16 on January 1, 2019	57,713
Incremental borrowing interest rate at the date of initial application	<u>0.78~0.92%</u>
Lease liabilities recognised as at January 1, 2019 by applying IFRS 16	<u>\$ 57,259</u>

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

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

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

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group'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:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
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, 2021
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2022

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants”, “Regulations Governing the Preparation of Financial Reports by Securities Firms”, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

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

- (A) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- (B) 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 IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- (A) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group 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. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (B) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

B. Subsidiaries included in the consolidated financial statements:

<u>Name of investor</u>	<u>Name of subsidiary</u>	<u>Main business activities</u>	<u>Ownership (%)</u>			
			<u>December 31, 2019</u>	<u>Note</u>	<u>December 31, 2018</u>	<u>Note</u>

The Company	Yuanta Futures (Hong Kong) Limited	Financial services	100		100	Note 1
The Company	SYF Information Limited	Information technology services	100		100	
SYF Information Limited	SYF Information (Samoa) Limited	Investment holding	100	Note 2	100	
SYF Information (Samoa) Limited	SYF Information (Shanghai) Limited	Information technology services	100		100	

Note 1: The Company increased the capital by \$537,972 in cash in 2018.

Note 2: On September 25, 2019, to streamline organizational structure, the Board of Directors of the Company approved to liquidate SYF Information (Samoa) Limited. The liquidation has been approved by the competent authority on October 25, 2019, and is expected to complete in 2020.

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

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

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

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

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

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

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

B. Translation of foreign operations

The operating results and financial position of all the group entities and associates that have a

functional currency different from the presentation currency are translated into the presentation currency as follows:

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

(5) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - (A) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
 - (B) Assets held mainly for trading purposes;
 - (C) Assets that are expected to be realised within twelve months from the balance sheet date;
 - (D) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to 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.

(6) 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.

(7) 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 Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

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

(8) 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 Group 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 Group measures the financial assets at fair value plus transaction costs.

The Group 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 Group and the amount of the dividend can be measured reliably.

(9) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
 - (A) The objective of the Group's business model is achieved by collecting contractual cash flows.
 - (B) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

(10) Margin deposits

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

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

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

(12) 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.

(13) Leverage margin contract transaction traders' equity

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

(14) Accounts receivable

- A. Accounts receivable entitle the Group 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.

(15) Impairment of financial assets

For financial assets at amortised cost, margin deposit, futures trading margin receivables, security borrowing deposits, accounts receivable, other receivables, leverage margin deposit, operation guarantee deposits, clearing and settlement fund, and refundable deposits, at each reporting date, the Group 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.

(16) Derecognition of financial assets

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

(17) Property and equipment

- A. Property and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Equipment applies cost model and is depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each 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.

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

Effective 2019

- 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 Group. 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 Group 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.

(19) Leased assets/ leases (lessee)

Effective 2018

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

(20) 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.

(21) Impairment of non-financial assets

A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to

reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

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

(22) 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.

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

A. Financial liabilities are classified in this class 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 Group measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(24) 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.

(25) 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 Group pays fixed contributions to an independent, publicly or privately administered pension fund. The Group has no further legal or constructive obligations once the contributions have been paid. The contributions are recognised as pension 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 Group 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 consolidated 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 Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group 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.

(26) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor

taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

- D. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each consolidated balance sheet date, unrecognised and recognised deferred income tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(27) 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.

(28) Revenue recognition

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

(29) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to

the Chief Operating Decision-Maker. The Chief Operating Decision-Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

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

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

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

The impairment assessment of the Group’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 Group periodically examines the appropriateness of its estimates. Please refer to Note 20(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 Group 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 20(3) for the financial instruments fair value information.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2019</u>		<u>December 31, 2018</u>	
Petty cash	\$	107	\$	109
Cash in bank				
Checking deposits	17		36	
Demand deposits		287,437		200,336
Time deposits		<u>4,037,984</u>		<u>4,455,415</u>
Subtotal		4,325,545		4,655,896
Excess futures margin deposits		432,060		290,131
Excess margin in foreign exchange margin trading		65,035		16,514
Commercial paper (expiring within three months)		<u>402,305</u>		<u>329,021</u>
	<u>\$</u>	<u>5,224,945</u>	<u>\$</u>	<u>5,291,562</u>

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

B. The Group 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, 2019</u>	<u>December 31, 2018</u>
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 66,624	\$ 13,575
Beneficiary certificates	135,360	20,000
Open-End fund	53,985	46,445
Futures contracts - non-hedging	24,783	132,268
Options contracts - non-hedging	11,765	25,103
Leverage margin contract transactions - non-hedging	<u>17,218</u>	<u>8,145</u>
	309,735	245,536
Valuation adjustment	<u>6,559</u>	<u>(861)</u>
	<u>\$ 316,294</u>	<u>\$ 244,675</u>
	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Financial liabilities held for trading		
Options - non-hedging	\$ 5,156	\$ 20,089
Security borrowing payable - non-hedging	<u>66,943</u>	<u>-</u>
	<u>\$ 72,099</u>	<u>\$ 20,089</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>2019</u>	<u>2018</u>
Financial assets mandatorily measured at fairvalue through profit or loss		
Listed stocks	\$ 22,019	(\$ 15,357)
Beneficiary certificates	7,369	(9,917)
Open-End fund	1,173	(2,210)
Non-hedging derivatives	<u>281,197</u>	<u>161,013</u>
Total	<u>\$ 311,758</u>	<u>\$ 133,529</u>

0	<u>For the years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Financial liabilities held for trading		
Options - non-hedging	(\$ 184,154)	(\$ 76,966)
Security borrowing payable - non-hedging	(29,086)	15,298
Leverage margin contract transactions - non-hedging	(1,286)	104
Total	<u>(\$ 214,526)</u>	<u>(\$ 61,564)</u>

For the years ended December 31, 2019 and 2018, the above mentioned amounts recognized in profit or loss in relation to financial assets and liabilities at fair value through profit or loss are recognized in gain (loss) on trading of securities, dividend income, gain (loss) on valuation of trading securities, losses (gains) 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 Group entered into futures contracts to earn the spread. As of December 31, 2019 and 2018, margin deposits for the contract was \$456,843 and \$422,399, respectively, with excess margin of \$432,060 and \$290,131, respectively, recognized in “cash and cash equivalents”.

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

(3) Margin deposits /Futures traders’ equity

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Margin deposits by customers:		
Cash in banks	\$ 48,031,093	\$ 46,847,577
Clearing house	7,582,545	7,494,673
Other futures commission merchants	<u>9,094,778</u>	<u>10,198,366</u>
Total	64,708,416	64,540,616
Gain: Others	-	1
Less: Fees and interest revenue		
pending for transfer	(145,940)	(176,480)
Futures exchange tax		
pending for transfer	(3,789)	(4,392)
Temporary receipts	(3,619)	(6,785)
Others	<u>(29,617)</u>	<u>(20,201)</u>
Futures traders’ equity	<u>\$ 64,525,451</u>	<u>\$ 64,332,759</u>

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

B. As at December 31, 2019 and 2018, 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 margin deposits held by the Group was \$64,708,416 and \$64,540,616,

respectively.

(4) Futures trading margin receivable

	<u>December 31, 2019</u>		<u>December 31, 2018</u>
Futures trading margin receivable	\$ 86,409	\$	90,158
Less: Allowance for uncollectible accounts	(86,409 )	(	89,136)
	<u>\$</u>	\$	<u>1,022</u>
	<u>=</u>		

A. Information relating to credit risk of futures trading margin receivable is provided in Note 20(6).

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

	<u>December 31, 2019</u>		<u>December 31, 2018</u>
Up to 30 days	\$ -	\$	-
31-90 days	-		3,348
91-180 days	364		-
Over 181 days	86,045		86,810
	<u>\$ 86,409</u>	\$	<u>90,158</u>

The above ageing analysis was based on posting date.

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

	<u>December 31, 2019</u>		<u>December 31, 2018</u>
Current items:			
Equity instrument			
Listed stocks	\$ 561,209	\$	156,200
Valuation adjustment	20,238	(	675)
Total	<u>\$ 581,447</u>	\$	<u>155,525</u>
Non-current items:			
Equity instrument			
Non-Listed stocks	\$ 221,132	\$	221,132
Valuation adjustment	1,297,407		1,182,887
Total	<u>\$ 1,518,539</u>	\$	<u>1,404,019</u>

A. The Group 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 \$2,099,986 and \$1,559,544 as at December 31, 2019 and 2018, respectively.

B. For the years ended December 31, 2019 and 2018, to avoid systemic risks due to market interference and uncertainties, the Group sold \$1,155,112 and \$326,850, respectively, of listed stocks at fair value and resulted in cumulative gains (losses) on disposal of \$30,776 and (\$37,553), 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:

	<u>For the years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ <u>166,209</u>	\$ <u>205,687</u>
Cumulative gains (loss) reclassified to retained earnings due to derecognition	(\$ <u>30,776</u>)	\$ <u>37,553</u>
Dividend income recognised in profit or loss		
Held at end of period	\$ 63,012	\$ 60,921
Derecognized during the period	<u>49,029</u> \$ <u>112,041</u>	<u>10,359</u> \$ <u>71,280</u>

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

(6) Financial assets at amortised cost

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Non-current items:		
Financial bonds	\$ -	\$ 92,386
Less: Accumulated impairment	<u>-</u>	<u>(53)</u>
Total	<u>\$ -</u>	<u>\$ 92,333</u>

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	<u>For the years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Interest income	\$ 2,342	\$ 2,865
Reversal of impairment loss	53	23
Loss on disposal	<u>(8)</u> \$ 2,387	<u>-</u> \$ 2,888

B. For the year ended December 31, 2019, the Group sold those financial bonds which were interfered by market uncertainties with losses on disposal amounting to \$8. For the year ended December 31, 2018, no financial assets at amortised cost were sold by the Group.

C. As at December 31, 2019 and 2018, 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 financial assets at amortised cost held by the Group was \$0 and \$92,333, respectively.

D. The Group has no financial assets at amortised cost pledged to others.

E. Information relating to credit risk is provided in Note 20(6).

(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, 2019 and 2018 were both 1.035%. As at December 31, 2019 and 2018, 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 operating guarantee deposits held by the Group was \$145,799 and \$145,886, respectively.

(8) Clearing and settlement funds

As at December 31, 2019 and 2018, 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 clearing and settlement funds held by the Group was \$535,686 and \$492,788, respectively.

(Blank)

(9) Property and equipment

	<u>2019</u>				
	<u>Land</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Leasehold improvements</u>	<u>Total</u>
At January 1,					
Cost	\$ 410,992	\$ 71,577	\$ 189,186	\$ 48,592	\$ 720,347
Accumulated depreciation	-	(5,397)	(76,607)	(25,400)	(107,404)
	<u>\$ 410,992</u>	<u>\$ 66,180</u>	<u>\$ 112,579</u>	<u>\$ 23,192</u>	<u>\$ 612,943</u>
Opening net book amount at January 1,	\$ 410,992	\$ 66,180	\$ 112,579	\$ 23,192	\$ 612,943
Additions	-	-	29,340	449	29,789
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)	(41,648)	(7,239)	(52,294)
Net exchange differences	-	-	(71)	(138)	(209)
Closing net book amount at December 31,	<u>\$ 410,992</u>	<u>\$ 62,773</u>	<u>\$ 107,711</u>	<u>\$ 16,264</u>	<u>\$ 597,740</u>

At December 31,

Cost	\$ 410,992	\$ 71,577	\$ 200,872	\$ 31,645	\$ 715,086
Accumulated depreciation	<u> </u>	<u>(8,80</u>	<u>(93,</u>	<u>(15,</u>	<u>(117,34</u>
	<u> </u>	<u> 4)</u>	<u> 161)</u>	<u> 381)</u>	<u> 6)</u>
	<u>\$ 410,992</u>	<u>\$ 62,773</u>	<u>\$ 107,711</u>	<u>\$ 16,264</u>	<u>\$ 597,740</u>

2018

	<u>Land</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Leasehold improvements</u>	<u>Total</u>
At January 1,					
Cost	\$ 410,992	\$ 71,577	\$ 141,915	\$ 40,939	\$ 665,423
Accumulated depreciation	<u> </u>	<u>(1,98</u>	<u>(67,</u>	<u>(18,</u>	<u>(88,5</u>
	<u> </u>	<u> 8)</u>	<u> 651)</u>	<u> 942)</u>	<u> 81)</u>
	<u>\$ 410,992</u>	<u>\$ 69,589</u>	<u>\$ 74,264</u>	<u>\$ 21,997</u>	<u>\$ 576,842</u>

Opening net book amount at January 1,	\$ 410,992	\$ 69,589	\$ 74,264	\$ 21,997	\$ 576,842
Additions	-	-	22,665	9,062	31,727
Reclassifications	-	-	46,624	-	46,624
Disposals (cost)	-	-	(22,	(1,935)	(24,1
			264)		99)
Disposals (accumulated depreciation)	-	-	22,264	1,935	24,199
Depreciation expense	-	(3,40	(31,	(8,272)	(42,8
		9)	146)		27)
Net exchange differences	<u> </u>	<u> </u>	<u> 172</u>	<u> 405</u>	<u> 577</u>
	<u> </u>	<u> </u>	<u> 172</u>	<u> 405</u>	<u> 577</u>
Closing net book amount at December 31,	<u>\$ 410,992</u>	<u>\$ 66,180</u>	<u>\$ 112,579</u>	<u>\$ 23,192</u>	<u>\$ 612,943</u>

At December 31,

Cost	\$ 410,992	\$ 71,577	\$ 189,186	\$ 48,592	\$ 720,347
Accumulated depreciation	<u> </u>	<u>(5,39</u>	<u>(76,</u>	<u>(25,</u>	<u>(107,40</u>
	<u> </u>	<u> 7)</u>	<u> 607)</u>	<u> 400)</u>	<u> 4)</u>
	<u>\$ 410,992</u>	<u>\$ 66,180</u>	<u>\$ 112,579</u>	<u>\$ 23,192</u>	<u>\$ 612,943</u>

(10) Leasing arrangements – lessee

Effective 2019

A. The Group 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, 2019</u>	<u>For the year ended December 31, 2019</u>
	<u>Carrying amount</u>	<u>Depreciation charge</u>
Buildings	<u>\$ 67,790</u>	<u>\$ 26,677</u>

C. For the year ended December 31, 2019, the additions to right-of-use assets was \$37,334.

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

	<u>For the year ended December 31, 2019</u>
<u>Items affecting profit or loss</u>	
Interest expense on lease liabilities	\$ 426
Expense on short-term lease contracts	11,437

E. For the year ended December 31, 2019, the Group's total cash outflow for leases was \$38,312.

F. Extension and termination options

In determining the lease term, the Group 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

	<u>2019</u>		
	<u>Membership in a foreign Futures</u>	<u>Others</u>	<u>Total</u>
	<u>Exchange</u>		
At January 1,			
Cost	\$ 24,125	\$ 39,499	\$ 63,624
Accumulated amortisation	<u>–</u>	<u>(20,7</u>	<u>(20,7</u>
	<u>\$ 24,125</u>	<u>\$ 18,707</u>	<u>\$ 42,832</u>
Opening net book amount at January 1,	\$ 24,125	\$ 18,707	\$ 42,832
Additions			

	-	1,748	1,748	
Reclassifications	-	6,516	6,516	
Disposals (cost)	-	(947)	(947)	1,
Disposals (accumulated amortisation)	-	1,947	1,947	
Amortisation expense	-	(45)	(45)	10,0
Net exchange differences	-	(2)	(2)	
Closing net book amount at December 31,	<u>\$ 24,125</u>	<u>\$ 16,924</u>	<u>\$ 41,049</u>	
At December 31,				
Cost	\$ 24,125	\$ 45,814	\$ 69,939	
Accumulated amortisation	-	(90)	(90)	28,8
	<u>\$ 24,125</u>	<u>\$ 16,924</u>	<u>\$ 41,049</u>	

	<u>2018</u>		
	Membership in a foreign Futures Exchange		
	<u>Exchange</u>	<u>Others</u>	<u>Total</u>
At January 1,			
Cost	\$ 24,125	\$ 27,734	\$ 51,859
Accumulated amortisation	-	(33)	(33)
	<u>\$ 24,125</u>	<u>\$ 12,501</u>	<u>\$ 36,626</u>

Opening net book amount at January 1,	\$ 24,125	\$ 12,501	\$ 36,626
Additions	-	2,639	2,639
Reclassifications	-	10,721	10,721
Disposals (cost)	-	(599)	(599)
Disposals (accumulated amortisation)	-	1,599	1,599
Amortisation expense	-	(158)	(158)
Net exchange differences	-	4	4
Closing net book amount at December 31,	<u>\$ 24,125</u>	<u>\$ 18,707</u>	<u>\$ 42,832</u>
At December 31,			
Cost	\$	\$	\$

assumptions			
Experience adjustments	(7,544)	—	(7,544)
	(3,740)	(771)	(4,511)
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>

	<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, 2018</u>			
Balance at January 1	\$ 83,951	(\$ 21,542)	\$ 62,409
Interest expense (income)	1,091	(280)	811
	<u>85,042</u>	<u>(21,822)</u>	<u>63,220</u>
Remeasurements:			
Return on plan assets		- (582)	(582)
Change in financial assumptions	2,393		- 2,393
Experience adjustments	14,671		- 14,671
	<u>17,064</u>	<u>(582)</u>	<u>16,482</u>
Pension fund contribution		- (809)	(809)
Paid pension	(5,949)	1,838	(4,111)
Balance at December 31	<u>\$ 96,157</u>	<u>(\$ 21,375)</u>	<u>\$ 74,782</u>

(D) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' 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 is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company and domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and domestic subsidiaries are 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, 2019 and 2018 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

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

	<u>For the years ended December 31</u>	
	<u>2019</u>	<u>2018</u>
Discount rate	<u>0.70%</u>	<u>1.10%</u>
Future salary increases	<u>3.00%</u>	<u>3.00%</u>

For the years ended December 31, 2019 and 2018, 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:

	<u>Discount rate</u>		<u>Future salary increases</u>	
	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>
<u>December 31, 2019</u>				
Effect on present value of defined benefit obligation	<u>(\$ 2,405)</u>	<u>\$ 2,502</u>	<u>\$ 2,408</u>	<u>(\$ 1,983)</u>
<u>December 31, 2018</u>				
Effect on present value of defined benefit obligation	<u>(\$ 2,979)</u>	<u>\$ 3,103</u>	<u>\$ 2,441</u>	<u>(\$ 2,360)</u>

(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 Group for the year ending December 31, 2020 amount to \$744.

(H) As of December 31, 2019, the weighted average duration of the retirement plan is 12 years.

B. Defined contribution plan

(A) Effective July 1, 2005, the Company and its domestic subsidiaries have 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 and its domestic subsidiaries contribute 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 Group for the years ended December 31, 2019 and 2018, were \$17,476 and \$17,915, respectively.

C. The Company reclassified net defined benefit liabilities as well as resignation and pension liabilities from provision - non-current to other non-current liabilities based on their natures. The affected amounts was \$80,998 on December 31, 2018.

(13) Share capital

As of December 31, 2019, the Company's authorized capital was \$2,500,000, and the paid-in capital was \$2,322,763 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

On November 17, 2019, to increase the working capital, the Board of Directors of the Company resolved to raise additional cash by issuing common shares amounting to 17,700 thousand shares with a par value of \$10 (in dollars). The subscription target date for the capital increase is set on February 19, 2020, and the subscription price was \$48 (in dollars) per share. This cash capital increase has been approved by Financial Supervisory Committee on January 16, 2020.

(14) 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.

(15) Special reserve

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Legal capital reserve	\$ 2,066,874	\$ 1,866,865
Special reserve-Fintech	8,027	8,505
	<u>\$ 2,074,901</u>	<u>\$ 1,875,370</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 capitalized.

B. The Company transferred provision on bad debt loss that had been set aside but not reversed to special reserve on initial application of IFRSs in accordance with Gin-Gwen-Zheng-Qi Letter No. 1010032090, dated July 10, 2012. Except for offsetting operating losses or special reserve exceeding 50% of the Company's paid-in capital after transferring, the Company could transfer half of special reserve as share capital.

C. According to Gin-Gwen-Zheng-Qi Letter No. 1010048029, an equivalent amount of special

reserve should be set aside from earnings after tax of the current year and the undistributed earnings of the prior period based on the decreased amount of equity. For the cumulative decrease in equity of the prior period, the equal amount of special reserve set aside based on the undistributed earnings should not be distributed. If there is any reversal of the decrease in equity, the earnings may be distributed based on the reversal proportion.

- 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. Additionally the special reserve, within the balance of special reserve set aside in the previous years, may be reversed at the same amount for the aforementioned expenditures.

(16) 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 2018 and 2017 earnings had been resolved by the stockholders at the stockholders' meeting. Details are summarized below:

	<u>2018</u>		<u>2017</u>	
	<u>Amount</u>	<u>Dividends per Share (in dollars)</u>	<u>Amount</u>	<u>Dividends per Share (in dollars)</u>
Legal reserve	\$ 100,004		\$ 87,329	
Special reserve	200,009		174,657	
Special reserve- Fintech	5,000		4,366	
Reversal of special reserve	(5, 478)		-	
Cash dividends	650,373	\$ 2.80	464,553	\$ 2.00

- E. On March 19, 2020, the Board of Directors resolved the distribution of profits for 2019 as

follows:

	<u>2019</u>		<u>Dividends per</u> <u>Share (in dollars)</u>
	<u>Amount</u>		
Legal reserve	\$ 113,580		
Special reserve	227,160		
Reversal of special reserve	(8,027)		
Cash dividends	799,924	\$	3.20

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. For information relating to employees' remuneration, please refer to Note 6(26).

(17) Other equity items

	<u>Unrealised</u> <u>gain (losses) on</u> <u>valuation</u>	<u>Currency</u> <u>translation</u> <u>differences</u>	<u>Total</u>
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>
	<u>Unrealised</u> <u>gain (losses) on</u> <u>valuation</u>	<u>Currency</u> <u>translation</u> <u>differences</u>	<u>Total</u>
At January 1, 2018, after adjustments	\$ 938,971	(\$ 27,172)	\$ 911,799
Financial assets at fair value through other comprehensive income			
-revaluation	205,687	-	205,687
-revaluation transferred to			

retained earnings	37,553	-	37,553
Currency translation differences			
-Exchange differences	<u>-</u>	<u>25,454</u>	<u>25,454</u>
At December 31, 2018	<u>\$ 1,182,211</u>	<u>(\$ 1,718)</u>	<u>\$ 1,180,493</u>

(18) Brokerage

	<u>For the years ended December 31,</u>		
	<u>2019</u>	<u>2018</u>	
Dealers' commissions	<u>\$ 2,737,896</u>	<u>\$ 3,439,375</u>	

(19) Net gain (loss) on trading of securities

	<u>For the years ended December 31,</u>		
	<u>2019</u>	<u>2018</u>	
Revenue from sale of securities - dealing	\$ 706,661	\$ 703,967	
Cost from sale of securities - dealing	<u>(697,015)</u>	<u>(720,244)</u>	
Total	<u>\$ 9,646</u>	<u>(\$ 16,277)</u>	

(20) Clearance fee from consignment

	<u>For the years ended December 31,</u>		
	<u>2019</u>	<u>2018</u>	
Clearance fee from consignment - non-related parties	\$ 37,976	\$ 43,099	
Clearance fee from consignment - related parties	<u>29,125</u>	<u>40,618</u>	
Total	<u>\$ 67,101</u>	<u>\$ 83,717</u>	

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(21) Net gain on derivative financial instruments

	<u>For the years ended December 31,</u>		
	<u>2019</u>	<u>2018</u>	
Non-hedging Gain (loss) from futures contract interests			
Futures contract gains	\$ 1,227,822	\$ 425,313	
Futures contract losses	<u>(1,240,821)</u>	<u>(366,3)</u>	

			05)
	(\$		\$
	<u>12,999)</u>		<u>59,008</u>
Gain (loss) from options trading			
Gain from options trading	\$	280,457	\$ 78,481
Loss from options trading	(	181,50	(76,
	0)		966)
	\$		\$
	<u>98,957</u>		<u>1,515</u>
Gain (loss) from exchange rate derivatives trading			
Gain from exchange rate derivatives trading	\$	106,190	\$ 96,324
Loss from exchange rate derivatives trading	(	95,1	(72,
	05)		802)
	\$		\$
	<u>11,085</u>		<u>23,522</u>
Gain (loss) from structured products trading			
Gain from structured products trading	\$		\$ 56
Loss from structured products trading	-		(
	-		54)
	\$		\$
	<u>-</u>		<u>2</u>
Gain (loss) from equity derivatives trading			
Gain from equity derivatives trading	\$		\$ 121
Loss from equity derivatives trading	(	1,	(
	717)		17)
	(\$		\$
	<u>1,286)</u>		<u>104</u>
Non-hedging			
Gains from derivative financial instruments	\$	1,614,900	\$ 600,295
Losses from derivative financial instruments	(	1,519,143)	(516,1
	\$		44)
	<u>95,757</u>		<u>84,151</u>

(22) Service charge

	For the years ended December 31,	
	2019	2018
Service charge - brokerage	\$ 485,615	\$ 620,625
Service charge - dealing	4,725	6,692
Total	<u>\$ 490,340</u>	<u>\$ 627,317</u>

(23) Futures commissions

	<u>For the years ended December 31,</u>		
	<u>2019</u>		<u>2018</u>
Entrusted futures transaction	\$	412,176	\$ 467,175
Futures auxiliary business		220,410	308,565
Total	<u>\$</u>	<u>632,586</u>	<u>\$ 775,740</u>

(24) Clearance fee

	<u>For the years ended December 31,</u>		
	<u>2019</u>		<u>2018</u>
Clearance fee - brokerage	\$	377,340	\$ 484,258
Clearance fee - dealing		3,148	3,799
Total	<u>\$</u>	<u>380,488</u>	<u>\$ 488,057</u>

(25) Operating expenses

	<u>For the years ended December 31,</u>		
	<u>2019</u>		<u>2018</u>
Employee benefit expense	\$	679,184	\$ 625,300
Depreciation expense		78,971	42,827
Amortisation expense		10,045	7,158
Postage and telephone costs		91,353	90,638
Tax expenses		83,738	91,394
Computer information expenses		99,630	108,771
Donation	7,631		11,441
Institutional membership fees		30,421	31,136
Operating lease payments		11,437	40,872
Repair charge		21,640	34,667
Advertising costs		10,546	7,617
Service expenses		14,345	13,263
Other expenses		53,008	81,201
Total	<u>\$</u>	<u>1,191,949</u>	<u>\$ 1,186,285</u>

(26) Employee benefit expense

	<u>For the years ended December 31,</u>		
	<u>2019</u>		<u>2018</u>
Wages and salaries	\$	608,479	\$ 554,391
Labor and health insurance fees		32,110	31,579
Pension costs		18,299	18,726
Post-employment benefits	1,589		1,701

Other personnel expenses	18,707	18,903
Total	<u>\$ 679,184</u>	<u>\$ 625,300</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.
- B. For the years ended December 31, 2019 and 2018, employees' compensation was accrued at \$3,676 and \$3,425, respectively, and the aforementioned amounts were recognised in salary expenses. For the year ended December 31, 2019, the employees' compensation were estimated and accrued based on 0.01% ~ 5.00% of distributable profit of current year as of the end of reporting period.
- C. Employees' compensation of 2018 as resolved at the meeting of Board of Directors were in agreement with those amounts recognised in the 2018 financial statements.
- D. 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.

(27) Other gains and losses

	<u>For the years ended December 31,</u>		
	<u>2019</u>			2018
Interest income	\$	1,088,639	\$ 699,311
Gain (loss) on disposal of investments	5,762		(12,764)
Dividend income		114,376	72,856
Net currency exchange (loss) gain	(0)	22,510	17,115
Losses on financial assets at fair value through profit or loss	(222)		(939)
Others	<u>80,880</u>		<u>54,218</u>
Total	<u>\$</u>	<u>1,266,925</u>	<u>\$ 829,797</u>

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(28) Income tax

A. Income tax expense

(a) Components of income tax expense:

	<u>For the years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Current tax:		
Current tax on profits for the year	\$ 278,231	\$ 247,318
Tax on undistributed surplus earnings	-	14,302
Adjustments in respect of prior years	(2,037)	(9,463)
Total current tax	<u>276,194</u>	<u>252,157</u>
Deferred tax:		
Origination and reversal of temporary differences	(1,981)	(4,131)
Impact of change in tax rate	<u>-</u>	<u>(2,489)</u>
Total deferred tax	<u>(1,981)</u>	<u>(6,620)</u>
Income tax expense	<u>\$ 274,213</u>	<u>\$ 245,537</u>

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

	<u>For the years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Remeasurement of defined benefit obligations	\$ 902	(\$ 3,297)
Impact of change in tax rate	<u>-</u>	<u>25</u>
	<u>\$ 902</u>	<u>(\$ 3,272)</u>

B. Reconciliation between income tax expense and accounting profit

	<u>For the years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Tax calculated based on profit before tax and statutory tax rate	\$ 282,002	\$ 249,116
Tax exempted income by tax	(5,75	(

regulation	2)		5,929)
Tax on undistributed surplus earnings	-		14,302
Adjustments in respect of prior years	(7)	2,03	(9,463)
Impact of change in tax rate			(
			<u>2,489)</u>
Income tax expense		<u>\$ 274,213</u>	<u>\$ 245,537</u>

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

For the year ended December 31, 2019

	<u>January 1</u>	Recognised in profit or loss	Recognised in other <u>comprehensive income</u>	<u>December 31</u>
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	<u>2,242</u>	<u>1,832</u>	<u>-</u>	<u>4,074</u>
Subtotal	<u>26,754</u>	<u>(778)</u>	<u>(902)</u>	<u>25,074</u>
— Deferred income tax liabilities:				
Unrealised exchange gain	<u>(2,759)</u>	<u>2,759</u>	<u>-</u>	<u>-</u>
Total	<u>\$23,995</u>	<u>\$ 1,981</u>	<u>(\$ 902)</u>	<u>\$ 25,074</u>

For the year ended December 31, 2018

	<u>January 1</u>	Recognised in profit or loss	Recognised in other <u>comprehensive income</u>	<u>December 31</u>
Temporary differences:				
— Deferred income tax assets:				
Accrued pension liabilities	\$10,610	(\$ 8,255)	\$ 3,272	\$ 5,627
Unrealised exchange loss	1,136	116	-	1,252
Expected credit losses	-	17,633	-	17,633
Others	<u>2,624</u>	<u>(382)</u>	<u>-</u>	<u>2,242</u>
Subtotal	<u>14,370</u>	<u>9,112</u>	<u>3,272</u>	<u>26,754</u>
— Deferred income tax liabilities:				
Unrealised exchange gain	<u>(267)</u>	<u>(2,492)</u>	<u>-</u>	<u>(2,759)</u>
Total	<u>\$14,103</u>	<u>\$ 6,620</u>	<u>\$ 3,272</u>	<u>\$ 23,995</u>

Later than one year but no later than five years	32,596
	<u>\$ 68,695</u>

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 68.65% 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 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 the same group of enterprises
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
Other	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.

(3) Significant related party transactions and balances

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

	<u>December 31, 2019</u>		
	<u>Bank deposits</u>	<u>Operating guarantee deposits</u>	<u>Customer margin deposits</u>
Fellow subsidiary			
Yuanta Bank	<u>\$ 1,563,503</u>	<u>\$ 140,000</u>	<u>\$ 9,428,093</u>
	<u>December 31, 2018</u>		
	<u>Bank deposits</u>	<u>Operating guarantee deposits</u>	<u>Customer margin deposits</u>
Fellow subsidiary			
Yuanta Bank	<u>\$ 1,995,376</u>	<u>\$ 140,000</u>	<u>\$ 14,675,660</u>

B. Leverage margin contract trading client margin deposits

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Fellow subsidiary		
Yuanta Bank	<u>\$ 258,250</u>	<u>\$ 126,850</u>

C. Accounts receivable - related parties

	<u>December 31, 2019</u>		<u>December 31, 2018</u>
Fellow subsidiary			
Yuanta Securities Co., Ltd.	\$ 2,377	\$	3,566
Yuanta Bank		-	467
	<u>\$ 2,377</u>	<u>\$</u>	<u>4,033</u>

D. Other receivables - related parties

	<u>December 31, 2019</u>
Fellow subsidiary	
Yuanta Bank	\$ 12,297
Yuanta Securities (Hong Kong) Co., Ltd.	63
Yuanta Securities Korea Co., Ltd.	52
	<u>\$ 12,412</u>

E. Leasing arrangements – lessee

- a. The Group leases buildings from Yuanta Bank and Yuanta Securities Co., Ltd. with a lease term of 3 years and rents are paid monthly.
- b. Lease liabilities

(a) Outstanding balance:

	<u>December 31, 2019</u>
Fellow subsidiary	
Yuanta Bank	\$ 2,606
Yuanta Securities Co., Ltd.	26,125
	<u>\$ 28,731</u>

(b) Interest expense

	<u>For the year ended December 31, 2019</u>
Fellow subsidiary	
Yuanta Bank	\$ 29
Yuanta Securities Co., Ltd.	305
	<u>\$ 334</u>

F. Refundable deposits

	<u>December 31, 2019</u>		<u>December 31, 2018</u>
Fellow subsidiary			
Yuanta Bank	\$ 10,188	\$	10,188
Yuanta Securities Co., Ltd.	5,155		5,155
The directors are the key management			
Taiwan Securities Association	300		300
	<u>\$ 15,643</u>	<u>\$</u>	<u>15,643</u>

G. Futures traders' equity

	<u>December 31, 2019</u>		<u>December 31, 2018</u>
Fellow subsidiary			
Yuanta Bank	\$	-	\$ 5,991
Yuanta Securities Co., Ltd.	3,464,477		2,994,353
Yuanta Securities (Hong Kong) Co., Ltd.	294,013		419,049
Yuanta Securities Korea Co., Ltd.	203,846		149,755
Funds managed by fellow subsidiary			
Funds managed by Yuanta Securities Investment Trust	24,237,500		22,878,227
President and significant shareholder of financial			
holding company and subsidiaries	20,732		874,886
Other related parties	32,856		33,518
	<u>\$ 28,253,424</u>		<u>\$ 27,355,779</u>

H. Accounts payable - related parties

	<u>December 31, 2019</u>		<u>December 31, 2018</u>
Fellow subsidiary			
Yuanta Securities Co., Ltd.	\$ 14,505	\$	18,768
Other related parties	199		225
	<u>\$ 14,704</u>	<u>\$</u>	<u>18,993</u>

I. Other payables - related parties

	<u>December 31, 2019</u>		<u>December 31, 2018</u>
Parent Company			
Yuanta Financial Holdings	\$	979	\$ 636
Fellow subsidiary			
Yuanta Securities Co., Ltd.	262		277
President and significant shareholder of financial holding company and subsidiaries	40	10	
The directors are the key management			
Taiwan Securities Association	<u>15</u>		<u>-</u>
	<u>\$ 1,296</u>		<u>\$ 923</u>

J. Brokerage

	<u>For the years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Fellow subsidiary		
Yuanta Bank	\$ 22	\$ 305
Yuanta Securities Co., Ltd.	116,881	101,286
Yuanta Securities (Hong Kong) Co., Ltd.	2,467	4,304
Yuanta Securities Korea Co., Ltd.	4,563	1,412
Funds managed by fellow subsidiary		
Funds managed by Yuanta Securities		
Investment Trust	193,864	206,995
President and significant shareholder of financial holding company and subsidiaries	2,947	3,385
Other related parties	<u>2,763</u>	<u>2,584</u>
	<u>\$ 323,507</u>	<u>\$ 320,271</u>

K. Dividend income

	<u>For the years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Funds managed by fellow subsidiary		

Funds managed by Yuanta Securities

Investment Trust	<u>\$</u> <u>1,125</u>	<u>\$</u> <u>-</u>
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L. Clearance fee from consignment

	<u>For the years ended December 31,</u> <u>2019</u>	<u>2018</u>
Fellow subsidiary		
Yuanta Securities Co., Ltd.	<u>\$</u> 29,125	<u>\$</u> 40,618

M. Securities commissions revenue

	<u>For the years ended December 31,</u> <u>2019</u>	<u>2018</u>
Fellow subsidiary		
Yuanta Securities Co., Ltd.	<u>\$</u> 3,419	<u>\$</u> 4,743

N. Other operating revenues - Co-marketing revenue

	<u>For the years ended December 31,</u> <u>2019</u>	<u>2018</u>
Fellow subsidiary		
Yuanta Bank	\$ -	\$ 1
Trust		
Yuanta Securities Investment Trust	1	25
Yuanta Securities Co., Ltd	<u>105</u>	<u>30</u>
	<u>\$</u>	<u>\$</u>
	<u>106</u>	<u>56</u>

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

	<u>For the years ended December 31,</u> <u>2019</u>	<u>2018</u>
Fellow subsidiary		
Yuanta Securities Co., Ltd.	\$ 180,726	\$ 254,622
Yuanta Securities (Hong Kong) Co., Ltd.	6	44
Yuanta Securities Korea Co., Ltd.	-	381
Other related parties	<u>2,100</u>	<u>2,921</u>
	<u>\$</u>	<u>\$</u>
	<u>182,832</u>	<u>257,968</u>

The Group engaged with Yuanta Securities Co., Ltd., Yuanta Securities (Hong Kong) Co., Ltd., and Yuanta Securities Korea 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.

P. Service fees

	<u>For the years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Fellow subsidiary		
Yuanta Securities Investment	\$	\$
Consulting	3,672	3,672
Yuanta Securities Co., Ltd		
	<u>1,558</u>	<u>1,577</u>
	<u>\$</u>	<u>\$</u>
	<u>5,230</u>	<u>5,249</u>

Q. Interest income

	<u>For the years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Fellow subsidiary		
Yuanta Bank	\$ 154,733	\$ 156,500
Yuanta Securities Co., Ltd	54	58
The directors are the key management		
Taiwan Securities Association	<u>3</u>	<u>-</u>
	<u>\$ 154,790</u>	<u>\$ 156,558</u>

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

R. Interest expense

	<u>For the years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Fellow subsidiary		
Yuanta Bank	\$ 15	\$ 20
Yuanta Securities (Hong Kong) Co., Ltd.	498	589
Yuanta Securities Co., Ltd.	2,913	2,822
Yuanta Securities Korea Co., Ltd.	374	271
Funds managed by fellow subsidiary		
Funds managed by Yuanta		

Securities Investment Trust	<u>36,911</u>	<u>21,781</u>
	<u>\$</u>	<u>\$</u>
	<u>40,711</u>	<u>25,483</u>

S. Rental expense

For the year ended
December 31, 2018

Fellow subsidiary		
Yuanta Bank	\$	1,733
Yuanta Securities Co., Ltd.		<u>20,647</u>
	<u>\$</u>	<u>22,380</u>

T. Donation expenditure

For the years ended December 31,

	<u>2019</u>	<u>2018</u>
Yuanta Cultural & Education Foundation	\$ 3,100	\$ 6,000
Polaris Research	<u>1,380</u>	<u>2,300</u>
	<u>\$</u>	<u>\$</u>
	<u>4,480</u>	<u>8,300</u>

U. Property transactions

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Acquisition of financial assets		
Funds managed by fellow subsidiary		
Funds managed by Yuanta		
Securities Investment Trust	<u>\$ 132,205</u>	<u>\$ 19,710</u>

The gains (losses) on disposal of beneficiary certificates were \$8,358 and (\$5,599) for the years ended December 31, 2019 and 2018, respectively.

(4) Key management compensation

	For the years ended December 31,	
	<u>2019</u>	<u>2018</u>
Salaries and other short-term employee benefits	\$ 225,661	\$ 185,173
Post-employment benefits	4,997	4,765
Other long-term benefits	<u>1,778</u>	<u>1,685</u>
	<u>\$</u>	<u>\$</u>
	<u>232,436</u>	<u>191,623</u>

8. PLEDGED ASSETS

None.

9. SIGNIFICANT COMMITMENTS AND CONTINGENT LIABILITIES

Commitments

For information on operating lease agreements, please refer to Note 6(30) for details.

10. SIGNIFICANT LOSS FROM NATURAL DISASTER

None.

(Blank)

11. DERIVATIVE INSTRUMENT TRANSACTIONS

The Group had derivative financial instrument trading as follows:

December 31, 2019

<u>Item</u>	<u>Object of transaction</u>	<u>Buyer / Seller</u>	<u>Open Interest</u>		<u>Margin paid (received)</u>	<u>Fair value</u>	<u>Remarks</u>
			<u>Number of contract(s)</u>	<u>(lot)</u>			
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		27	
	TGO	Sell		(	(	3
		call	10	24)	3)	
	TGO	Sell		(	(	1
		put	2	14)	2)	
	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		(	(	7
		put	10	63)	0)	
Option contracts	Futures options	Buy				
(Overseas)		call	76	80	84	
	Futures options	Buy				
		put	3	20	16	
	Futures options	Sell		(	33 (	270
		put	266	0))	
	Futures options	Sell		(	49 (	552
		call	123	2))	

December 31, 2018

<u>Item</u>	<u>Object of transaction</u>	<u>Open Interest</u>		<u>Margin paid</u>	<u>Fair value</u>	<u>Remarks</u>
		<u>Buyer</u>	<u>Number of contract(s)</u>			
		<u>/Seller</u>	<u>(lot)</u>	<u>(received)</u>		
Futures contracts	TX	Buyer	273	\$ 516,096	\$ 517,139	
(Domestic)	TX	Seller	13	(25,040)	(25,139)	
	MTX	Buyer	449	216,660	217,069	
	MTX	Seller	945	(445,247)	(446,125)	
	Stock Futures	Buyer	48	2,077	2,079	
	Stock Futures	Seller	59	(3,520)	(3,472)	
	TF	Buyer	1	1,164	1,179	
	TE	Buyer	6	8,973	9,234	
	GFT	Seller	1	(491)	(494)	
Futures	Index	Buyer		19,676	19,870	

contracts	Futures		18				
(Overseas)	Index	Seller	2	(	1,394)	(	1,485)
	Futures						
	Grain	Buyer	334		39,265		39,305
	Futures						
Option	TFO	Buy	4	11		5	
contracts		put					
(Domestic)	TFO	Sell	4	(		3	(
		call		6)		2)	4
	TGO	Buy	1	5		6	
		call					
	TGO	Sell	1	((
		call		3)		6)	
	TEO	Buy	24	142		52	
		put					
	TEO	Sell	24	(	319	(	472
		call))	
	TXO	Buy		1,268		7,795	7,875
		call					
	TXO	Buy		1,941		23,956	12,930
		put					
	TXO	Sell		1,782	(	11,806)	(
		call					11,855)
	TXO	Sell		1,482	(	8,410)	(
		put					6,958)
Option	Futures	Buy					
contracts	options	put	439		2,503		4,235
(Overseas)	Futures	Sell		(	926	(	756
	options	call	336))	

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, 2019 Calculation	Ratio	December 31, 2018 Calculation	Ratio	Standard	Enforcement (Note 3)
17	<i>Equity</i> <i>(Total liabilities – Future traders' equity)</i>	8,856,137	10.38	8,220,550	11.35	≥ 1	Satisfied
	<i>Current assets</i>	68,897,983		68,078,674			
17	<i>Current liabilities</i>	64,215,319	1.07	63,805,024	1.07	≥ 1	Satisfied
	<i>Equity</i>	8,856,137		8,220,550			
22	<i>Minimum paid – in capital (Note 1)</i>	1,060,000	835.48%	1,060,000	775.52%	≥ 60% ≥ 40% (Note 2)	Satisfied
	<i>Adjusted net capital</i>	5,815,160		5,842,395			
22	<i>Total margin deposit required for futures traders, not yet off-set</i>	12,143,740	47.89%	12,500,230	46.74%	≥ 20% ≥ 15%	Satisfied

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

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

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

13. SPECIFIC INHERENT RISKS IN OPERATING AS FUTURES DEALER

- (1) Credit risk is the main risk for engaging in futures brokerage business since the Group must demand collecting trading margin deposits from customers. The credit risk occurs when the customers fail to pay margin deposits. The Group 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 Group pre-sets stop loss point for risk management purposes.
- (2) The specific risks of the Group'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 20 for significant financial risk information on futures dealer business.

14. SEGMENT INFORMATION

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

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

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

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

- (2) Measurement of segment information

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

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

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

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

B. Identifying factors for reportable segments

The measurement of segment performance will be evaluated periodically to ensure that it achieves the goals of the Group. The results of its evaluation will be used as the framework for resource allocation.

(3) Information on segment profit (loss)

	<u>For the year ended December 31, 2019</u>			
	<u>Brokerage segment</u>	<u>Dealing segment</u>	<u>Other operating segment</u>	<u>Total</u>
Segment revenue	<u>\$ 2,827,075</u>	<u>\$ 91,259</u>	<u>(\$ 9)</u>	<u>\$ 2,918,325</u>
Segment profit	<u>\$ 1,566,937</u>	<u>(\$ 11,211)</u>	<u>(\$ 145,714)</u>	<u>\$ 1,410,012</u>

	<u>For the year ended December 31, 2018</u>			
	<u>Brokerage segment</u>	<u>Dealing segment</u>	<u>Other operating segment</u>	<u>Total</u>
Segment revenue	<u>\$ 3,549,028</u>	<u>\$ 89,612</u>	<u>(\$ 344)</u>	<u>\$ 3,638,296</u>
Segment profit	<u>\$ 1,387,995</u>	<u>(\$ 21,807)</u>	<u>(\$ 120,606)</u>	<u>\$ 1,245,582</u>

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

(4) Information on products and services

The Group's reportable segments are based on different products and services with disclosure of general information about types of products and services of the reportable segments' income sources.

(5) Geographical information

There is no requirement for additional disclosure because no income from single foreign country is material to the Group's revenue.

(6) Major customer information

There is no requirement for additional disclosure because no single customer accounted for 10% or more of the Group's operating revenues for the current period.

15. SUBSEQUENT EVENTS

The Company will raise cash through the issuance of common shares in 2020, please refer to Note 6(13) for details.

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.

(Blank)

(7) Other: Significant transactions between parent company and subsidiaries:

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Details of transactions		Conditions	Percentage (%) of total consolidated revenues or assets
				Account	Amount		
0	Yuanta Futures CO., LTD.	Yuanta Futures (Hong Kong) Limited	1	Cash	15,114	No significant difference from general customers.	0.02%
0	Yuanta Futures CO., LTD.	Yuanta Futures (Hong Kong) Limited	1	Margin deposit	526,911	No significant difference from general customers.	0.71%
0	Yuanta Futures CO., LTD.	Yuanta Futures (Hong Kong) Limited	1	Futures traders' equity	107,970	No significant difference from general customers.	0.15%
0	Yuanta Futures CO., LTD.	Yuanta Futures (Hong Kong) Limited	1	Brokerage	491	No significant difference from general customers.	0.02%
0	Yuanta Futures CO., LTD.	Yuanta Futures (Hong Kong) Limited	1	Futures commission	10,595	No significant difference from general customers.	0.36%
0	Yuanta Futures CO., LTD.	Yuanta Futures (Hong Kong) Limited	1	Interest income	1,083	No significant	0.04%

0	Yuanta Futures CO., LTD.	Yuanta Futures (Hong Kong) Limited	1	Interest expense	92	difference from general customers. No significant difference from general customers.	0.00%
1	Yuanta Futures (Hong Kong) Limited	Yuanta Futures CO., LTD.	2	Cash	26,664	difference from general customers. No significant difference from general customers.	0.04%
1	Yuanta Futures (Hong Kong) Limited	Yuanta Futures CO., LTD.	2	Margin deposit	81,306	difference from general customers. No significant difference from general customers.	0.11%
1	Yuanta Futures (Hong Kong) Limited	Yuanta Futures CO., LTD.	2	Futures traders' equity	542,025	difference from general customers. No significant difference from general customers.	0.73%
1	Yuanta Futures (Hong Kong) Limited	Yuanta Futures CO., LTD.	2	Brokerage	10,595	difference from general customers. No significant difference from general customers.	0.36%
1	Yuanta Futures (Hong Kong) Limited	Yuanta Futures CO., LTD.	2	Futures commission	491	difference from general customers. No significant difference from general customers.	0.02%

1	Yuanta Futures (Hong Kong) Limited	Yuanta Futures CO., LTD.	2	Interest income	92	customers. No significant difference from general customers.	0.00%
1	Yuanta Futures (Hong Kong) Limited	Yuanta Futures CO., LTD.	2	Interest expense	1,083	No significant difference from general customers.	0.04%

Note 1: The numbers in the No. column represent as follows:

1. 0 for the parent company.
2. According to the sequential order, subsidiaries are numbered from 1.

Note 2: There are three types of relationships with the counterparties and they are labeled as follows:

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

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, 2019			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, 2019	Balance as at December 31, 2018	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%	988,723	#####	\$ 15,460	\$ 15,460	-	Subsidiaries
Yuanta Futures Co., Ltd.	SYF Information Co., Ltd.	Taiwan	2012.10.16	Gin-Gwen-Zheng-Qi Letter No.	Information Technology Services	350,000	350,000	35,000	100.00%	286,541	-	(1,039)	(1,039)	-	Subsidiaries

SYF Information Co., Ltd.	SYF Information (Samoa) Limited	Samoa	2012.11.15	1010035210 Gin-Gwen-Zheng-Qi Letter No. 1010035210	Investment Holdings	184,857	184,857	5,800	100.00%	145,028	-	(1,256)	(1,256)	-	Sub-subsidiaries
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(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 Invested amount	Returned amount	Ending balance of foreign investment from Taiwan	Net income of investee	Percentage of direct or indirect investment holding (%)	Gain (loss) recognized during the period (Notes 2) (2.C)	Book value as of December 31, 2019	Accumulated gain returned to Taiwan at end of period
SYF Information (Shanghai) Limited	Research & development and production of computer software, etc.	#####	SYF Information (Samoa) Limited	\$ 157,209	\$ -	\$ -	#####	#####	100	(\$ 1,868)	#####	-

Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019	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	\$ 5,313,682

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

- (1) Direct investment in entities of Mainland China.
- (2) Reinvest in entities of Mainland China through indirect investment in the third place.
- (3) Others.

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

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

Note 3: 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. FINANCIAL RISK MANAGEMENT

(1) Capital management

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

(2) Financial instruments

The methods of reporting derivative financial instruments on financial statements: please refer to the Notes 6(1), 6(2), 6(21).

(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 Group'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). The fair value of the Group's investment in off-the-run financial bonds is included in Level 2.

Level 3: Inputs for the asset or liability that are not based on observable market data. The fair value of the Group'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.

(B) The fair value of financial assets at amortised cost - financial bonds is determined by using valuation techniques and categorized within Level 2 in the fair value hierarchy. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. As of December 31, 2019 and 2018, the carrying amounts and fair values of financial assets at amortised cost - financial bonds were \$0 and \$92,333; \$0 and \$92,853, respectively.

(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, 2019 and 2018 is as follows:

December 31, 2019	<u>Level 1</u>	(Blank) <u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Assets</u>				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value				
through				
profit or loss				
Listed stocks	\$ 74,289	\$ -	\$ -	\$ 74,289
Beneficiary certificates	133,747	-	-	133,747
Open-End Fund and Money				
Market				
Instruments	54,492	-	-	54,492
Futures	24,783			

		-	-	24,783
Options	11,765	-	-	11,765
Derivatives Assets - Leverage				
margin contract transaction	-	17,218	-	17,218
Financial assets at fair value through other comprehensive income				
Equity securities	<u>581,447</u>	<u>-</u>	<u>1,518,539</u>	<u>2,099,986</u>
Total	<u>\$ 880,523</u>	<u>\$ 17,218</u>	<u>\$ 1,518,539</u>	<u>\$ 2,416,280</u>

Liabilities

Recurring fair value measurements

Financial liabilities at fair value through profit or loss

Options	\$ 5,156	\$ -	\$ -	\$ 5,156
Security borrowing payable - non-hedging	<u>66,943</u>	<u>-</u>	<u>-</u>	<u>66,943</u>
Total	<u>\$ 72,099</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 72,099</u>

December 31, 2018 Level 1 Level 2 Level 3 Total

Assets

Recurring fair value measurements

Financial assets at fair value through profit or loss

Listed stocks	\$ 13,004	\$ -	\$ -	\$ 13,004
Beneficiary certificates	19,710	-	-	19,710
Open-End Fund and Money Market				
Instruments	46,445	-	-	46,445
Futures	132,268	-	-	132,268
Options	25,103	-	-	25,103
Derivatives Assets - Leverage				
margin contract transaction	-	8,145	-	8,145
Financial assets at fair value through other comprehensive				

income

Equity securities	<u>155,525</u>	<u>-</u>	<u>1,404,019</u>	<u>1,559,544</u>
Total	<u>\$ 392,055</u>	<u>\$ 8,145</u>	<u>\$ 1,404,019</u>	<u>\$ 1,804,219</u>

Liabilities

Recurring fair value

measurements

Financial liabilities at fair

value through

profit or loss

Options	<u>\$ 20,089</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,089</u>
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D. The methods and assumptions the Group 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 consolidated balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the closing price. These instruments are included in level 1. Instruments included in level 1 comprise primarily equity instruments and debt instruments classified as financial assets/financial liabilities at fair value through profit or loss, or 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, 2019 and 2018, 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, 2019 and 2018.

	<u>Equity securities</u>
January 1, 2019	\$ 1,404,019
Gains and losses recognised in other comprehensive income (Note)	<u>114,520</u>
December 31, 2019	<u>\$ 1,518,539</u>
	<u>Equity securities</u>

January 1, 2018	\$	1,183,345
Gains and losses recognised in other comprehensive income (Note)		<u>220,674</u>
December 31, 2018	<u>\$</u>	<u>1,404,019</u>

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 <u>December 31, 2019</u>	Valuation <u>— technique</u>	Significant <u>Unobservable input</u>	Range <u>(weighted average)</u>
Non-derivative equity				
Non-listed	\$			
stocks	1,518,539	Market	Price to earnings ratio multiple	28.36
		approach	Discount of marketability	40%
	Fair value at <u>December 31, 2018</u>	Valuation <u>— technique</u>	Significant <u>Unobservable input</u>	Range <u>(weighted average)</u>
Non-derivative equity				
Non-listed	\$			
stocks	1,404,019	Market	Price to earnings ratio multiple	26.53
		approach	Discount of marketability	40%

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 Group'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 categorized within Level 3 if the valuation input of financial instrument classified in Level 3 moves upward or downward by 1%:

	<u>December 31, 2019</u>		<u>December 31, 2018</u>
	<u>Recognised in other comprehensive income</u>		
	<u>Favourable change</u>	<u>Unfavourable change</u>	
Financial assets			
Equity instrument	<u>\$</u> <u>5,062</u>		<u>(\$</u> <u>5,062)</u>

	<u>Recognised in other comprehensive income</u>	
	<u>Favourable change</u>	<u>Unfavourable change</u>
Financial assets		
Equity instrument	\$ <u>4,680</u>	(\$ <u>4,680</u>)

(4) System of risk management

A. Objectives of risk management

The Group controls any potential losses that might incur in operations within its tolerable limits by increasing completeness of risk management mechanism, establishing efficient risk management measures, models and systems, and monitoring the changes of whole risks strictly. The Group also puts efforts in allocating its capital more efficiently to raise the risk adjusted return on capital.

B. Risk management system

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

C. Organizational structure of risk management

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

- a. First line of defense: 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 Group's Risk Management Policy. The Group also takes part in the Risk Management Committee of Yuanta Financial Holding Co., Ltd. for integration of risk control and management in the Group.
- c. Third line of defense: 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 Group is as follows:

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

D. Procedures of risk management

The Group's procedures of risk management include risk identification, risk measurement, risk management and risk reporting. The design of these procedures is to ensure all risks faced

by the Group can be effectively controlled.

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

E. Hedging and risk diminishing strategies

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

(5) Market risk

The Group's financial assets include bank deposits, government bonds, treasury bonds, bank debentures, negotiable certificates of deposit, commercial papers or other short-term notes and bills authorized by Ministry of Finance, domestic listed stocks, securities investment trust funds, offshore funds authorized by competent authorities to be raised and sold in ROC, futures trust funds, futures trading listed in Article 5 of Futures Trading Act, hedging trading of bond options and other financial instruments authorized by competent authorities. The fair value of these financial assets would be changed by the fluctuations of market prices or interest rates.

To manage market risk, the Group has established the Rules of Financial Instruments Investment Risk Management, including Rules of Dealer Trading Risk Management and Rules of Medium and Long-term Securities Investment Risk Management, and established various control mechanisms based on the characteristics of financial instrument risks, such as position limits, stop-loss amounts and exception management. The Group also conducts market risk quantitative management by employing VaR model in the measurement and control of market risk of each position.

Through the VaR model, the Group measures market risk by estimating maximum possible losses of the trading positions for the next day at the 99% confidence level. 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,
2019

Amount in thousands of NT\$

<u>Type of Trading</u>	<u>Equity</u>	<u>Commodity</u>	<u>Foreign</u>		<u>Total</u>
			<u>Exchange Rate</u>	<u>Interest Rate</u>	
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

Period: January 1 ~ December 31,
2018

Amount in thousands of NT\$

<u>Type of Trading</u>	<u>Equity</u>	<u>Commodity</u>	<u>Foreign</u>		<u>Total</u>
			<u>Exchange Rate</u>	<u>Interest Rate</u>	
December 31, 2018	\$ 475	\$ -	\$ 624	\$ -	\$ 820
Average	2,791	397	703	53	2,929
Lowest	430	-	-	-	735
Highest	15,549	1,393	1,718	1,472	15,751

Note 1 : Trading included futures dealer trading and securities dealer trading but excluded medium and long-term securities investments.

Note 2 : Total class 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 Group continues to run model validation and back testing to ensure that the Group's VaR model can reasonably measure maximum potential losses of financial instruments or portfolios.

(6) Credit risk

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

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

(B) Counterparty credit risk occurs when counterparty of the financial instrument transaction undertaken by the Group fails to fulfill settlement or payment obligation on the appointed

day, which would cause a financial loss to the Group.

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

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

(A) Analysis of concentration of credit risk

a. Geographic location:

Percentages of credit risk exposure amounts of the Group's financial assets by geographic area were as follows (see the table below): As of December 31, 2019, the highest was Taiwan with 86.44%, the second was Asia (excluding Taiwan) with 6.63% and the third was Europe with 4.39%. Compared to the same period last year, the proportion of investments in Asia has decreased slightly in this period.

	<u>December 31, 2019</u>		<u>December 31, 2018</u>	
Taiwan	\$	61,515,791	\$	58,992,570
Asia (not including Taiwan)		4,717,801		9,666,739
Europe		3,125,186		2,247,302
America		1,807,520		83,632
Other		1,611		-
Total	\$	<u>71,167,909</u>	\$	<u>70,990,243</u>

b. Industry:

Percentages of credit risk exposure amounts of the Group's financial assets by industry were as follows (see the table below): Financial institutions accounted for 99.85% with other industry sectors representing less than 1%. Credit risk is concentrated in financial institutions because the Group's own capital and margins received from customers were both deposited with financial institutions, debt securities held by the Group were issued or guaranteed by banks, and counterparties of derivative trade undertaken by the Group were banks, futures clearing and settlement institution and re-consigned futures firm. The percentages distribution did not change significantly in this period compared to the corresponding period of last year.

	<u>December 31, 2019</u>		<u>December 31, 2018</u>	
Privately owned businesses	\$	-	\$	19,710
Financial institutions		71,061,489		70,873,237
Public enterprises		4		4
Other		106,416		97,292
Total	\$	<u>71,167,909</u>	\$	<u>70,990,243</u>

(B) Analysis of credit risk levels

a. Credit risk rating is categorized into Excellent, Standard, Below standard, Other and the definitions are illustrated below:

(a) Excellent: The underlying position or an entity is capable of fulfilling its financial commitment even if facing significant uncertain factors or exposed to an adverse condition.

(b) Standard: The underlying position or an entity's capacity to fulfill the contractual obligation is 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, 2019, the credit quality levels of the Group's financial assets were classified as follows: Excellent is 93.85%, standard is 6.01%. 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 increasing in proportion slightly.

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Excellent	\$ 66,793,869	\$ 69,384,754
Standard	4,276,467	1,505,049
Below standard	97,573	100,440
Total	<u>\$ 71,167,909</u>	<u>\$ 70,990,243</u>

C. The Group 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 Group 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 Group 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 Group 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

a. 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 Group are as follows:

December 31, 2019

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

December 31, 2018

	<u>12 months</u> <u>Without past due or</u> <u>within 30 days</u>	<u>Lifetime</u> <u>Significant</u> <u>increase in</u> <u>credit risk</u> <u>More than</u> <u>30 days</u>	<u>Credit impaired</u> <u>More than</u> <u>90 days</u>	<u>Total</u>
Expected loss rate	0%	69.47%	100%	
Total book value	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
	-	3,348	86,810	90,158
Loss allowance	<u>\$</u>	<u>(\$</u>	<u>(\$</u>	<u>(\$</u>
	-	2,326)	86,810)	89,136)
Maximum exposure amount	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
	-	1,022	-	1,022

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

For the year ended December 31, 2019

	<u>12 months</u> <u>Without past due or</u> <u>within 30 days</u>	<u>Lifetime</u> <u>Significant</u> <u>increase in</u> <u>credit risk</u> <u>More than</u> <u>30 days</u>	<u>Credit impaired</u> <u>More than</u> <u>90 days</u>	<u>Total</u>
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	<u>-</u>	<u>1,308</u>	<u>-</u>	<u>1,308</u>
December 31, 2019	<u>\$</u>	<u>\$</u>	<u>(\$</u>	<u>(\$</u>
	-	1,022	86,409)	86,409)

For the year ended December 31, 2018

	<u>12 months</u> <u>Without past due or</u> <u>within 30 days</u>	<u>Lifetime</u> <u>Significant</u> <u>increase in</u> <u>credit risk</u> <u>More than</u> <u>30 days</u>	<u>Credit impaired</u> <u>More than</u> <u>90 days</u>	<u>Total</u>
January 1, 2018	\$	\$	(\$ 241)	(\$ 241)
Provision for impairment	-	(2,326)	(86,810)	(89,136)
Write off	<u>-</u>	<u>-</u>	<u>241</u>	<u>241</u>
December 31, 2018	<u>\$</u>	<u>(\$</u>	<u>(\$</u>	<u>(\$</u>
	-	2,326)	86,810)	89,136)

b. Bond investments

The expected credit loss (ECL) model is primarily based on the following three parameters: probability of default (PD), loss given default (LGD), and exposure at default (EAD).

- (a) Probability of default: Calculated using the default rate tables published by external credit rating agencies and incorporating forward-looking information.
- (b) Loss given default: Calculated based on the guarantees and the priority of claims of the debt instrument, and the average recovery rates published by external credit rating agencies.
- (c) Exposure at default: total carrying amount (including interest receivable). The carrying amount is measured at amortized cost before any adjustments to the allowance for losses.
- (d) The expected credit loss of the investments in debt instrument at amortized cost of the Group, within 12 months, as of December 31, 2019 and 2018, are as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
	<u>12 months</u>	<u>12 months</u>
Expected loss rate		- 0.037%~0.068%
Total book value	\$	\$ 92,871
Loss allowance		- (53)
Maximum exposure amount	<u>\$</u>	<u>\$ 92,818</u>

- (e) The Group has no life time expected credit loss of the investments in debt instrument at amortized cost as of December 31, 2019 and 2018.

(f) Forward-looking information considerations

One of the quantitative indicators used in the assessment of significant increase in credit risk on debt instruments measured at amortized cost is the change in external credit ratings published by international credit rating agencies. The measure of expected credit loss is based on external credit ratings, the probability of default and loss given default information published by external credit rating agencies. These credit ratings incorporate forward-looking information, which is considered to be appropriate by the Group in estimating the expected credit losses.

D. Movements in loss allowance for financial assets at amortised cost (including interest receivables) within 12 months are as follows:

	<u>2019</u>	
	<u>12 months</u>	
At January 1,	(\$	53)
Reversal of impairment		53
December 31,	<u>\$</u>	<u>-</u>
	<u>2018</u>	
	<u>12 months</u>	
At January 1, IAS 39	\$	-
Adjustments under new standards		(76)
At January 1, IFRS 9		(76)
Reversal of impairment		23
December 31,	<u>(\$</u>	<u>53)</u>

E. For investments in debt instruments at amortised cost, the credit rating levels within 12 months are presented as below:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
	<u>12 months</u>	<u>12 months</u>
Financial assets at amortised cost		
Group 1	\$ _____ -	\$ _____ 92,333

Group 1: Credit rating level over BBB+.

(1) Liquidity risk analysis

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

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

Cash flow analysis of financial liabilities on December 31, 2019

<u>Acco</u> <u>unts</u>	<u>Financial</u> <u>liabilities</u>	<u>Payment period</u>		<u>3~12</u> <u>months</u>	<u>1~5 years</u>	<u>Over 5</u> <u>years</u>	<u>Total</u>
		<u>Period</u>	<u>Less than 3</u> <u>months</u>				
2120 00	Financial liabilities at fair value through profit and loss -current	\$ 72,099	\$ -	\$ -	\$ -	\$ -	\$ 72,099
2140 80	Futures traders' equity	64,525,451	-	-	-	-	64,525,451
2141 00	Leverage margin contract transaction traders' equity	225,185	-	-	-	-	225,185
2141 30	Accounts payable	1,858	102,557	-	-	-	104,415
2141 40	Accounts payable-related parties	-	14,704	-	-	-	14,704
2141 70	Other payables	-	48,536	201,687	1,899	197	252,319
2141 80	Other payables-related parties	-	1,296	-	-	-	1,296
2160 00	Lease liabilities - current	-	5,854	30,235	-	-	36,089
2190 00	Other current liabilities	-	11,001	4,717	-	-	15,718
2260 00	Lease liabilities - non-current	-	-	-	31,884	-	31,884
	Total	<u>\$64,824,593</u>	<u>\$ 183,948</u>	<u>\$ 236,639</u>	<u>\$ 33,783</u>	<u>\$ 197</u>	<u>\$65,279,160</u>
	Percentage (%) of overall	99.30%	0.28%	0.37%	0.05%	0.00%	100.00%

Cash flow analysis of financial liabilities on December 31, 2018

<u>Acco</u> <u>unts</u>	<u>Financial</u> <u>liabilities</u>	<u>Payment period</u>		<u>3~12</u> <u>months</u>	<u>1~5 years</u>	<u>Over 5</u> <u>years</u>	<u>Total</u>
		<u>Period</u>	<u>Less than 3</u> <u>months</u>				
2120 00	Financial liabilities at fair value						

	through profit and loss -current	\$ 20,089	\$ -	\$ -	\$ -	\$ -	\$ 20,089
214080	Futures traders' equity	64,332,759	-	-	-	-	64,332,759
214100	Leverage margin contract transaction						
	traders' equity	103,735	-	-	-	-	103,735
214130	Accounts payable	198	123,797	-	-	-	123,995
214140	Accounts payable-related parties	-	18,993	-	-	-	18,993
214170	Other payables	-	49,747	154,066	1,899	197	205,909
214180	Other payables-related parties	-	923	-	-	-	923
219000	Other current liabilities	<u>-</u>	<u>17,396</u>	<u>6,786</u>	<u>-</u>	<u>-</u>	<u>24,182</u>
	Total	<u>\$64,456,781</u>	<u>\$ 210,856</u>	<u>\$ 160,852</u>	<u>\$ 1,899</u>	<u>\$ 197</u>	<u>\$64,830,585</u>
	Percentage (%) of overall	99.42%	0.33%	0.25%	0.00%	0.00%	100.00%

The analysis of cash flow gap on December 31, 2019

		<u>Receipt period</u>					
		Prevailing	Less than 3				
<u>Account</u>	<u>Financial assets</u>	<u>Period</u>	<u>months</u>	<u>3 ~12 months</u>	<u>1~5 years</u>	<u>Over 5 years</u>	<u>Total</u>
111000	Cash and cash equivalents	\$ 1,186,961	\$ 2,367,422	\$ 1,670,562	\$ -	\$ -	\$ 5,224,945
112000	Financial assets at fair value through profit or loss-current	316,294	-	-	-	-	316,294
113200	Financial assets at fair value through other comprehensive income-current	581,447	-	-	-	-	581,447
114070	Margin deposits	64,708,416	-	-	-	-	64,708,416
114100	Security lending deposits	45,844	-	-	-	-	45,844
114130	Accounts receivable	-	55,995	-	-	-	55,995
1141	Accounts receivable-						

40	related parties	-	2,377	-	-	-	2,377
1141	Other receivables	-	31,441	-	-	-	31,441
1141	Other receivables-	-	12,412	-	-	-	12,412
80	related parties	-	12,412	-	-	-	12,412
1143	Leverage margin	258,250	-	-	-	-	258,250
00	contract trading Client margin deposits						
1199	Other current assets	-	18	-	-	-	18
90							
1232	Financial assets at	-	-	-	-	1,518,539	1,518,539
00	fair value through other comprehensive income-non-current						
1290	Operating guarantee	-	-	-	-	145,799	145,799
10	deposits						
1290	Clearing and	-	-	-	-	535,686	535,686
20	settlement funds						
1290	Refundable deposits	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,487</u>	<u>-</u>	<u>38,487</u>
30							
	Subtotal	<u>\$67,097,212</u>	<u>\$2,469,665</u>	<u>\$1,670,562</u>	<u>\$38,487</u>	<u>\$2,200,024</u>	<u>\$73,475,950</u>
	Cash inflow	\$67,097,212	\$2,469,665	\$1,670,562	\$38,487	\$2,200,024	\$73,475,950
	Cash outflow	<u>64,824,593</u>	<u>183,948</u>	<u>236,639</u>	<u>33,783</u>	<u>197</u>	<u>65,279,160</u>
	The amount of capital gap	<u>\$2,272,619</u>	<u>\$2,285,717</u>	<u>\$1,433,923</u>	<u>\$4,704</u>	<u>\$2,199,827</u>	<u>\$8,196,790</u>

The analysis of cash flow gap on December 31, 2018

Account	Financial assets	Receipt period					Total
		Period	Prevaling	Less than 3 months	3~12 months	1~5 years	
1111	Cash and cash equivalents	\$836,147	\$504,220	\$3,951,195	\$-	\$-	\$5,291,562
1120	Financial assets at fair value through profit or loss-current	244,675	-	-	-	-	244,675
1132	Financial assets at fair value through other comprehensive income-current	155,525	-	-	-	-	155,525
1140	Margin deposits	64,540,61	-	-	-	-	64,540,61

		6				6
1141	Security lending					
00	deposits	-	-	-	-	-
1141	Accounts receivable	-	2,960	-	-	2,960
40	Accounts receivable-	-	4,033	-	-	4,033
	related parties					
1141	Other receivables	-	27,919	-	-	27,919
70						
1141	Other receivables-	-	15,135	-	-	15,135
80	related parties					
1143	Leverage margin					
00	contract trading					
	Client margin					
	deposits	126,850	-	-	-	126,850
1199	Other current assets	-	23	-	-	23
90						
1232	Financial assets at					
00	fair value through					
	other					
	comprehensive	-	-	-	-	1,404,019
	income-non-current					1,404,019
1233	Financial assets at	-	-	92,333	-	92,333
00	amortised cost-non-					
	current					
1290	Operating guarantee	-	-	-	-	145,886
10	deposits					145,886
1290	Clearing and	-	-	-	-	492,788
20	settlement funds					492,788
1290	Refundable deposits	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,323</u>	<u>-</u>
30						<u>38,323</u>
	Subtotal	<u>\$65,903,8</u>	<u>\$ 554,290</u>	<u>\$ 4,043,528</u>	<u>\$ 38,323</u>	<u>\$ 2,042,693</u>
		<u>13</u>				<u>47</u>
	Cash inflow	\$65,903,8	\$ 554,290	\$ 4,043,528	\$ 38,323	\$ 2,042,693
		13				47
	Cash outflow	<u>64,456,78</u>	<u>210,856</u>	<u>160,852</u>	<u>1,899</u>	<u>64,830,58</u>
		<u>1</u>				<u>5</u>
	The amount of	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
	capital gap	<u>1,447,032</u>	<u>343,434</u>	<u>3,882,676</u>	<u>36,424</u>	<u>2,042,496</u>
						<u>7,752,062</u>

(7) Currency risk

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

(Foreign currency:

<u>functional currency)</u>	<u>December 31, 2019</u>		<u>December 31, 2018</u>	
	<u>Foreign currency (in thousands)</u>	<u>Exchange rate</u>	<u>Foreign currency (in thousands)</u>	<u>Exchange rate</u>
<u>Financial instrument</u>				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD/NT\$	\$ 1,080,059	29.9800	\$ 989,522	30.7150
JPY/NT\$	450,194	0.2760	781,010	0.2782
HKD/NT\$	118,124	3.8490	74,009	3.9210
EUR/NT\$	14,979	33.5900	10,930	35.2000
GBP/NT\$	6,926	39.3600	6,280	38.8800
AUD/NT\$	5,346	21.0050	10,764	21.6650
SGD/NT\$	555	22.2800	61	22.4800
CNY/NT\$	99,350	4.3050	121,054	4.4720
USD/HKD	75,003	7.7874	73,775	7.8321
CNY/HKD	30,047	1.1183	22,568	1.1405
EUR/HKD	746	8.7266	480	8.9740
JPY/HKD	36,090	0.0717	17,249	0.0709
NT\$/HKD	51,468	0.2587	-	-
USD/ CNY	2,104	6.9879	2,353	6.6812
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD/NT\$	1,042,784	29.9800	981,589	30.7150
JPY/NT\$	445,428	0.2760	744,834	0.2782
HKD/NT\$	114,290	3.8490	65,586	3.9210
EUR/NT\$	14,961	33.5900	10,821	35.2000
GBP/NT\$	6,914	39.3600	6,255	38.8800
AUD/NT\$	5,341	21.0050	10,719	21.6650
SGD/NT\$	554	22.2800	61	22.4800
CNY/NT\$	99,457	4.3050	120,399	4.4720
USD/HKD	47,572	7.7874	47,361	7.8321
CNY/HKD	12,359	1.1183	17,662	1.1405
EUR/HKD	410	8.7266	373	8.9740
JPY/HKD	30,445	0.0717	17,041	0.0709
NT\$/HKD	50,716	0.2587	60,587	0.2548

B. The total exchange gains and losses, including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2019 and 2018 amounted to (\$22,510) and \$17,115, respectively.

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