YUANTA FUTURES CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

REVIEW REPORT OF INDEPENDENT

ACCOUNTANTS

MARCH 31, 2018 AND 2017

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REVIEW REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

PWCR18000007

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Yuanta Futures Co., Ltd. and subsidiaries (the "Group") as at March 31, 2018 and 2017, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three-month periods then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with "Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants", "Regulations Governing the Preparation of Financial Reports by Securities Firm" and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity" in the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2018 and 2017, and of its consolidated financial performance and its consolidated cash flows for the three-month periods then ended in accordance with "Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants", "Regulations Governing the Preparation of Financial Reports by Securities Firm" and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission.

Lin, Se-Kai　　　　　　　　　　Kuo, Puo-Ju

For and on behalf of PricewaterhouseCoopers, Taiwan

May 9, 2018

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
(Expressed in thousands of New Taiwan dollars)
(The consolidated balance sheets as of March 31, 2018 and 2017 are reviewed, not audited)

			March 31, 2018		December 31, 2017		March 31, 2017	
	ASSETS	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current assets							
111100	Cash and cash equivalents	6(1) and 7	$ 4,707,882	8	$ 4,776,563	8	$ 4,793,635	9
112000	Financial assets at fair value through profit or loss - current	6(2), 11 and 20(9)	256,300	-	146,673	-	255,792	-
113200	Financial assets at fair value through other comprehensive income - current	6(5)	362,107	1	-	-	-	-
113400	Available-for-sale financial assets-current	20(9)	-	-	280,461	1	407,889	1
114070	Margin deposits	6(3) and 7	53,203,217	87	49,642,864	87	47,857,007	86
114080	Futures trading margin receivable	6(4)	61,269	-	241	-	241	-
114100	Security lending deposits		-	-	6,130	-	-	-
114130	Accounts receivable		6,965	-	11,441	-	3,294	-
114140	Accounts receivable - related parties	7	3,714	-	4,828	-	3,854	-
114150	Prepayments		12,906	-	7,879	-	28,557	-
114170	Other receivables		44,770	-	15,279	-	15,891	-
114180	Other receivables - related parties	7	6,161	-	8,645	-	7,460	-
114300	Leverage margin contract trading client margin deposits	7	135,716	-	45,372	-	912	-
114600	Current income tax assets		341	-	341	-	341	-
119000	Other current assets		28	-	13	-	507	-
110000	**Subtotal current assets**		58,801,376	96	54,946,730	96	53,375,380	96
	Non-current assets							
123200	Financial assets at fair value through other comprehensive income - non-current	6(5)	1,257,885	2	-	-	-	-
123300	Financial assets at amortised cost - non-current	6(6)	87,707	-	-	-	-	-
123400	Available-for-sale financial assets - non-current	20(9)	-	-	1,273,519	2	1,345,202	3
125000	Property and equipment	6(9)	568,879	1	576,842	1	49,176	-
127000	Intangible assets	6(10)	37,001	-	36,626	-	35,343	-
128000	Deferred income tax assets	6(26)	14,103	-	14,103	-	5,851	-
129010	Operating guarantee deposits	6(7), 7 and 8	147,085	-	147,168	-	165,000	-
129020	Clearing and settlement funds	6(8)	462,649	1	442,569	1	433,106	1
129030	Refundable deposits	7	22,966	-	22,823	-	18,754	-
129130	Prepayment for equipments		8,218	-	9,290	-	6,864	-
120000	**Subtotal non-current assets**		2,606,493	4	2,522,940	4	2,059,296	4
906001	**Total assets**		$ 61,407,869	100	$ 57,469,670	100	$ 55,434,676	100

(Continued)

YUANTA FUTURES CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)
(The consolidated balance sheets as of March 31, 2018 and 2017 are reviewed, not audited)

			March 31, 2018		December 31, 2017		March 31, 2017	
	LIABILITIES AND EQUITY	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current liabilities							
212000	Financial liabilities at fair value through profit or loss - current	6(2), 11 and 20(9)	$ 19,666	-	$ 7,449	-	$ 13,104	-
214080	Futures traders' equity	6(3) and 7	52,980,422	86	49,432,661	86	47,687,862	86
214100	Leverage margin contract transaction traders' equity		125,321	-	44,813	-	912	-
214130	Accounts payable		152,538	-	128,211	-	106,714	1
214140	Accounts payable - related parties	7	25,915	-	24,654	-	21,686	-
214160	Collection for third parties		4,843	-	5,729	-	5,377	-
214170	Other payables		183,634	1	204,152	1	95,071	-
214180	Other payables - related parties	7	750	-	733	-	157	-
214200	Other financial liabilities - current		-	-	500	-	-	-
214600	Current income tax liabilities		98,782	-	59,796	-	73,496	-
219000	Other current liabilities		5,163	-	23,343	-	3,712	-
210000	**Subtotal current liabilities**		53,597,034	87	49,932,041	87	48,008,091	87
	Non-current liabilities							
225100	Provision - non-current		68,094	-	67,824	-	70,603	-
229000	Other non-current liabilities		2,204	-	2,220	-	-	-
220000	**Subtotal non-current liabilities**		70,298	-	70,044	-	70,603	-
906003	**Total liabilities**		53,667,332	87	50,002,085	87	48,078,694	87
	Equity attributable to owners of the parent company							
	Capital							
301010	Common stock	6(12)	2,322,763	4	2,322,763	4	2,322,763	4
	Additional paid-in capital							
302000	Capital surplus	6(13)	940,976	1	940,976	2	940,976	1
	Retained earnings							
304010	Legal reserve	6(15)	720,097	1	720,097	1	637,326	1
304020	Special reserve	6(14)(15)	1,696,347	3	1,696,347	3	1,526,665	3
304040	Undistributed earnings	6(15)	1,083,469	2	875,462	1	990,086	2
	Other equity							
305000	Other equity interest	6(16)	976,885	2	911,940	2	938,166	2
906004	**Total equity**		7,740,537	13	7,467,585	13	7,355,982	13
906002	**Total liabilities and equity**		$ 61,407,869	100	$ 57,469,670	100	$ 55,434,676	100

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)
(Unaudited)

	Items	Notes	For the three months ended March 31 2018 AMOUNT	2018 %	2017 AMOUNT	2017 %
	Revenues					
401000	Brokerage	6(17) and 7	$ 857,592	98	$ 586,331	93
410000	(Loss) gain on trading of securities	6(2)(18)	(756)	-	1,211	-
421500	Gain (loss) on valuation of trading securities	6(2)	509	-	(35)	-
421600	Loss on repurchase of lending securities and sell back to bond funds and bonds	6(2)	(413)	-	(55,359)	(9)
421610	Lending securities and sell back to bond funds and bonds through profit or loss at fair value measurements of net benefits	6(2)	(381)	-	224	-
424200	Securities commission revenue	7	1,217	-	757	-
424300	Clearance fee from consignation	6(19) and 7	21,040	2	15,279	3
424400	Net gain on disposal of derivative financial instruments	6(2)(20)	44,026	5	77,610	12
424800	Futures management fee revenues		-	-	198	-
424900	Futures advisory revenues		3,337	-	2,860	1
425300	Expected credit losses		(45,820)	(5)	-	-
428000	Other operating revenues (losses)	7	248	-	(584)	-
400000	**Total revenues**		880,599	100	628,492	100
	Costs and expenses					
501000	Brokerage fee	6(21)	(157,604)	(18)	(111,223)	(18)
502000	Dealer handling fee	6(21)	(1,424)	-	(1,822)	-
521200	Interest expense	7	(9,557)	(1)	(7,328)	(1)
524100	Futures commission	6(22) and 7	(165,561)	(19)	(128,961)	(20)
524300	Clearance fee		(123,746)	(14)	(85,389)	(14)
528000	Other operating fee		(1,046)	-	-	-
531000	Employee benefit expense	6(23)(24)	(184,293)	(21)	(91,833)	(15)
532000	Depreciation and amortization	6(9)(10)(23)	(11,942)	(1)	(8,254)	(1)
533000	Other operating expenses	6(23)(28) and 7	(123,357)	(14)	(89,172)	(14)
500000	**Total costs and expenses**		(778,530)	(88)	(523,982)	(83)
	Operating income		102,069	12	104,510	17
602000	Other gains and losses	6(25) and 7	153,989	17	90,521	14
902001	**Income before income tax**		256,058	29	195,031	31
701000	Income tax expense	6(26)	(49,032)	(6)	(32,661)	(5)
902005	**Net income**		$ 207,026	23	$ 162,370	26

(Continued)

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

	Items	Notes	For the three months ended March 31 2018 AMOUNT	2018 %	2017 AMOUNT	2017 %
	Other comprehensive income					
	Items that will not be reclassified to profit or loss					
805540	Unrealized gain on equity instrument investment measured at fair value through other comprehensive income	6(5)	$ 76,941	9	$ -	-
	Items may be reclassified to profit or loss subsequently					
805610	Translation gain and loss on the financial statements of foreign operating entities	6(16)	(10,557)	(1)	(19,313)	(3)
805620	Unrealized gain on available-for-sale financial assets	6(16)	-	-	29,029	4
	Total other comprehensive income (net of tax)		66,384	8	9,716	1
	Total comprehensive income		$ 273,410	31	$ 172,086	27
	Consolidated net income attributable to:					
	Owners of the parent		$ 207,026	24	$ 162,370	26
	Consolidated comprehensive income attributable to:					
	Owners of the parent		$ 273,410	31	$ 172,086	27
	Earnings per share (in New Taiwan Dollars)					
	Basic and diluted earnings per share	6(27)	$ 0.89		$ 0.70	

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

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

		Equity attributable to owners of the parent									
			Capital surplus		Retained earnings			Other equity interest			
	Notes	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
For the three months ended March 31, 2017											
Balance, January 1, 2017	6(12)	$2,322,763	$ 894,643	$ 46,333	$ 637,326	$1,526,665	$ 827,716	($ 4,224)	$ -	$ 932,674	$7,183,896
Net income for the period		-	-	-	-	-	162,370	-	-	-	162,370
Other comprehensive income for the period	6(16)	-	-	-	-	-	-	(19,313)	-	29,029	9,716
Balance, March 31, 2017		$2,322,763	$ 894,643	$ 46,333	$ 637,326	$1,526,665	$ 990,086	($ 23,537)	$ -	$ 961,703	$7,355,982
For the three months ended March 31, 2018											
Balance, January 1, 2018	6(12)	$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)
Balance, January 1, 2018 after adjustments	6(16)	2,322,763	894,643	46,333	720,097	1,696,347	875,145	(27,172)	938,971	-	7,467,127
Net income for the period		-	-	-	-	-	207,026	-	-	-	207,026
Other comprehensive income for the period	6(5)(16)	-	-	-	-	-	-	(10,557)	76,941	-	66,384
Disposal of equity instrument investment measured at fair value through other comprehensive income	6(5)(16)	-	-	-	-	-	1,298	-	(1,298)	-	-
Balance, March 31, 2018		$2,322,763	$ 894,643	$ 46,333	$ 720,097	$1,696,347	$1,083,469	($ 37,729)	$ 1,014,614	$ -	$7,740,537

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)
(Unaudited)

	Notes	For the three months ended March 31 2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 256,058	$ 195,031
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(9)(23)	10,487	7,182
Amortization	6(10)(23)	1,455	1,072
Interest income	6(25)	(136,906)	(123,059)
Interest expense		9,557	7,328
Dividend income		(1,595)	(2,585)
Expected credit losses	6(25)	45,820	-
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss - current		(109,627)	4,102
Margin deposits		(3,560,353)	6,448,383
Leverage margin contract trading client margin deposits		(90,344)	(912)
Security lending deposits		6,130	311,108
Futures trading margin receivable		(107,107)	462
Accounts receivable		4,476	350,375
Accounts receivable - related parties		1,114	(721)
Prepayments		(5,027)	(24,236)
Other receivables		(33,239)	3,203
Other receivables - related parties		1,041	62,096
Other current assets		(15)	(25)
Changes in operating liabilities			
Financial liabilities at fair value through profit or loss - current		12,217	(341,282)
Futures traders' equity		3,547,761	(6,499,967)
Leverage margin contract transaction traders' equity		80,508	912
Accounts payable		24,327	27,910
Accounts payable - related parties		1,261	4,479
Collection for third parties		(886)	292
Other payables		(26,617)	(92,671)
Other payables-related parties		(136)	(21,219)
Other financial liabilities - current		(500)	-
Other current liabilities		(18,180)	(1,612)
Provision - non-current		270	(367)
Other non-current liabilities		(16)	-
Cash (outflow) inflow generated from operations		(88,066)	315,279
Interest received		142,173	89,703
Income tax paid		(10,046)	(12,049)
Dividend received		1,595	-
Interest paid		(3,305)	(2,806)
Net cash flows from operating activities		42,351	390,127
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through other comprehensive income		(109,757)	-
Acquisition of available-for-sale financial assets		-	(223,171)
Proceeds from disposal of available-for-sale financial assets		30,512	-
Acquisition of property and equipment	6(9)	(1,051)	(3,497)
Increase in intangible assets	6(10)	-	(7,585)
Decrease in operating guarantee deposits		83	-
(Increase) decrease in clearing and settlement funds		(20,080)	9,807
Increase in prepayment for equipment		(2,858)	(982)
Increase in refundable deposits		(143)	(6,000)
Net cash flows used in investing activities		(103,294)	(231,428)
Effect of change in foreign exchange rates		(7,738)	(11,619)
Net (decrease) increase in cash and cash equivalents		(68,681)	147,080
Cash and cash equivalents at beginning of period		4,776,563	4,646,555
Cash and cash equivalents at end of period		$ 4,707,882	$ 4,793,635

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

YUANTA FUTURES CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018 AND 2017

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

(Unaudited)

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, and a variety of futures related businesses approved by the competent authority. On August 14, 2017, with permission from the competent authority, the Group stopped engaging in futures business management. As of December 31, 2017, the Company had 4 branches.

(3) As of March 31, 2018 and 2017, the Group had approximately 394 and 380 employees, respectively.

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

These consolidated financial statements were reported to the Board of Directors on April 25, 2018.

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 FSC effective from 2018 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 2, 'Classification and measurement of share-based payment transactions'	January 1, 2018
Amendments to IFRS 4, 'Applying IFRS 9, Financial instruments with IFRS 4, Insurance contracts'	January 1, 2018
IFRS 9, 'Financial instruments'	January 1, 2018
IFRS 15, 'Revenue from contracts with customers'	January 1, 2018
Amendments to IFRS 15, 'Clarifications to IFRS 15, Revenue from contracts with customers'	January 1, 2018
Amendments to IAS 7, 'Disclosure initiative'	January 1, 2017
Amendments to IAS 12, 'Recognition of deferred tax assets for unrealised losses'	January 1, 2017
Amendments to IAS 40, 'Transfers of investment property'	January 1, 2018
IFRIC 22, 'Foreign currency transactions and advance consideration'	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IFRS 1, 'First-time adoption of International Financial Reporting Standards'	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IFRS 12, 'Disclosure of interests in other entities'	January 1, 2017
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IAS 28, 'Investments in associates and joint ventures'	January 1, 2018

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 9, 'Financial instruments'

(A) Classification of debt instruments is driven by the entity's business model and the contractual cash flow characteristics of the financial assets, which would be classified as financial asset at fair value through profit or loss, financial asset measured at fair value through other comprehensive income or financial asset measured at amortised cost. Equity instruments would be classified as financial asset at fair value through profit or loss, unless an entity makes an irrevocable election at inception to present subsequent changes in the fair value of an investment in an equity instrument that is not held for trading in other comprehensive income.

(B) The impairment losses of debt instruments are assessed using an 'expected credit loss' approach. An entity assesses at each balance sheet date whether there has been a significant increase in credit risk on that instrument since initial recognition to recognise 12-month expected credit losses ('ECL') or lifetime ECL (interest revenue would be calculated on the gross carrying amount of the asset before impairment losses occurred); or if the instrument that has objective evidence of impairment, interest revenue after the impairment would be calculated on the book value of net carrying amount (i.e. net of credit allowance). The Group shall always measure the loss allowance at an amount equal to lifetime expected credit losses for trade receivables that do not contain a significant financing component.

When adopting the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) effective from 2018, the Group applied the new rules under IFRS 9 retrospectively from January 1, 2018, with the practical expedients permitted under the statement. For the significant effects of applying the standard as of January 1, 2018, please refer to Note 20(9).

Please refer to Note 20(9) for disclosures in relation to the first application of IFRS 9.

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

None.

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

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

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Amendments to IFRS 9, ‘Prepayment features with negative compensation’	January 1, 2019
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 16, ‘Leases’	January 1, 2019
IFRS 17, ‘Insurance contracts’	January 1, 2021
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. The quantitative impact will be disclosed when the assessment is complete.

IFRS 16, 'Leases'

IFRS 16, 'Leases', replaces IAS 17, 'Leases' and related interpretations and SICs. The standard requires lessees to recognise 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.

The Group will adopt the modified retrospective transitional provisions of IFRS 16 ‘Lease’, and classify the effects on the lease contract of lessee on January 1, 2019 in accordance with IFRS 16.

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", and the International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the FSC.

(2) Basis of preparation

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

(A) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(B) Financial assets at fair value through other comprehensive income/Available-for-sale financial assets measured at fair value.

(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 consolidated 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.

C. In adopting IFRS 9 effective January 1, 2018, the Group has elected to apply the modified retrospective approach whereby the cumulative impact of the adoption was recognised as retained earnings or other equity as of January 1, 2018 and the financial statements for the first quarter of 2017 was not restated. The financial statements for the first quarter of 2017 were prepared in compliance with International Accounting Standard 39 ('IAS 39'), and related financial reporting interpretations. Please refer to Note 20(9) for details of significant accounting policies.

(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:

			Ownership (%)			
Name of investor	Name of subsidiary	Main business activities	March 31, 2018	Note	December 31, 2017	Note
The Company	Yuanta Futures (Hong Kong) Limited	Financial services	100		100	Note 2
The Company	SYF Information Limited	Information technology services	100		100	
SYF Information Limited	SYF Information (Samoa) Limited	Investment holding	100		100	Note 1
SYF Information (Samoa) Limited	SYF Information (Shanghai) Limited	Information technology services	100		100	

			Ownership (%)	
Name of investor	Name of subsidiary	Main business activities	March 31, 2017	Note
The Company	Yuanta Futures (Hong Kong) Limited	Financial services	100	
The Company	SYF Information Limited	Information technology services	100	
SYF Information Limited	SYF Information (Samoa) Limited	Investment holding	100	Note 1
SYF Information (Samoa) Limited	SYF Information (Shanghai) Limited	Information technology services	100	

Note 1: The Company increased the capital of the subsidiary by $89,583 in the first quarter of 2017. The subsidiary's increased capital is expected to be used for a capital investment in SYF Information (Shanghai) Limited, amounting to $81,256.

Note 2: The Company increased the capital of the subsidiary by $302,680 in the second quarter of 2017.

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 plus transaction costs. 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 according to the difference between 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 between 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, futures trading margin receivables, Security borrowing deposits, accounts receivable, other receivables, operation guarantee deposits, 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 all 3~6 years.

(18) Leased assets/ leases (lessee)

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

(19) 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.

(20) 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.

(21) 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.

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

A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges. Or financial liabilities at fair value through profit or loss. Financial liabilities that meet one of the following criteria are designated as at fair value through profit or loss at initial recognition:

(a) Hybrid (combined) contracts; or

(b) They eliminate or significantly reduce a measurement or recognition inconsistency; or

(c) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management policy.

B. At initial recognition, the Group measures the financial liabilities at fair value plus transaction costs. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(23) 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.

(24) 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. Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. And, the related information is disclosed accordingly.

(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.

(25) <u>Income tax</u>

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

D. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each consolidated balance sheet date, unrecognised and recognised deferred income tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

F. The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

G. If a change in tax rate is enacted or substantively enacted in an interim period, the Group recognises the effect of the change immediately in the interim period in which the change occurs. The effect of the change on items recognised outside profit or loss is recognised in other comprehensive income or equity while the effect of the change on items recognised in profit or loss is recognised in profit or loss.

(26) Dividends

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

(27) Revenue recognition

A. Brokerage fee income: Service fee income that is generated from futures merchants exercising futures transaction is 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.

(28) 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 additional disclosures are set out below. For the rest of the information, please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2017.

Evaluation of expected credit loss on futures trading margin receivable

The impairment losses of futures trading margin receivable are assessed by the Group using an ‘expected credit loss’ approach. An entity assesses at each balance sheet date whether there has been a significant increase in credit risk on that instrument since initial recognition to recognise 12-month expected credit losses or lifetime expected credit losses; or if the instrument that has objective evidence of impairment, a group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Please refer to Note 20(6).

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6. DETAILS OF SIGNIFICANT ACCOUNTS

(1)Cash and cash equivalents

	March 31, 2018	December 31, 2017	March 31, 2017
Petty cash	$ 104	$ 106	$ 108
Cash in bank			
Checking deposits	38	39	344
Demand deposits	232,580	273,657	276,004
Time deposits	3,756,292	3,960,320	3,368,241
Subtotal	3,989,014	4,234,122	3,644,697
Futures margin deposits	340,547	324,151	614,419
Excess margin in foreign exchange margin trading	7,410	8,404	-
Commercial paper (expiring within three months)	370,911	209,886	534,519
	$ 4,707,882	$ 4,776,563	$ 4,793,635

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

	March 31, 2018
Financial assets mandatorily measured at fair value through profit or loss	
Listed stocks	$ 43,609
Beneficiary certificates	9,283
Open-End fund and money market instruments	125,124
Non-hedging derivatives	60,648
Derivative Assets – Leverage margin contract transactions	13,367
	252,031
Valuation adjustment	4,269
	$ 256,300

	March 31, 2018
Financial liabilities held for trading	
Options	$ 19,618
Derivative Liabilities – Leverage margin contract transactions	48
	$ 19,666

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

	Three months ended March 31, 2018	
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	($	247)
Beneficiary certificates		4,705
Open-End fund and money market instruments	(	473)
Non-hedging derivatives		52,981
Derivative Assets –		
Leverage margin contract transactions		4,631
Total	$	61,597

	Three months ended March 31, 2018	
Financial liabilities held for trading		
Options	($	13,620)
Security borrowing payable	(	794)
Derivative Liabilities –		
Leverage margin contract transactions		34
Total	($	14,380)

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

	March 31, 2018	
Futures contracts	$	41,664
Options contracts		18,984
	$	60,648

C. Futures

The Group entered into futures contracts to earn the spread. As of March 31, 2018, margin deposits for the contract was $378,967, with excess margin of $340,547 recognized in “cash and cash equivalents”.

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

E. Information on December 31, 2017 and March 31, 2017 is provided in Note 20(9).

(3)Margin deposits /Futures traders' equity

	March 31, 2018	December 31, 2017	March 31, 2017
Margin deposits by customers:			
Cash in banks	$ 38,708,159	$ 38,989,508	$ 36,691,280
Clearing house	7,690,712	6,538,571	7,167,631
Other futures commission merchants	6,804,346	4,114,785	3,998,096
Total	53,203,217	49,642,864	47,857,007
Less: Fees of revenue pending for transfer	(200,305)	(183,012)	(162,792)
Futures exchange tax pending for transfer	(1,050)	(3,896)	(2,653)
Temporary receipts	(4,158)	(5,508)	(3,563)
Others	(17,282)	(17,787)	(137)
Futures traders' equity	$ 52,980,422	$ 49,432,661	$ 47,687,862

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

B. As at March 31, 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 $53,203,217.

(4)Future trading margin receivable

	March 31, 2018	December 31, 2017	March 31, 2017
Future exchanges margins	$ 107,348	$ 241	$ 241
Less:Allowance for uncollectible accounts	(46,079)	-	-
	$ 61,269	$ 241	$ 241

A. Information relating to credit risk is provided in Note 20(6).

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

	March 31, 2018	December 31, 2017	March 31, 2017
Up to 30 days	$ -	$ -	$ -
31-90 days	107,107	-	-
91-180 days	-	-	-
Over 181 days	241	241	241
	$ 107,348	$ 241	$ 241

The above ageing analysis was based on invoice date.

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

		March 31, 2018
Current items:		
Equity instrument		
Listed stocks	$	384,246
Valuation adjustment	(	22,139)
Total	$	362,107
Non-current items:		
Equity instrument		
Non-Listed stocks	$	221,132
Valuation adjustment		1,036,753
Total	$	1,257,885

A. The Group has elected to classify stock investments that are considered to be strategic investments and steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $1,619,992 as at March 31, 2018.

B. To avoid systemic risks due to market interference and uncertainties, the Group sold $30,616 of listed stocks at fair value and resulted in cumulative gains on disposal of $1,298 during the three months ended March 31, 2018.

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:

		Three months ended March 31, 2018
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income	$	76,941
Cumulative gains (losses) reclassified to retained earnings due to derecognition	($	1,298)

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

E. Information on December 31, 2017 and March 31, 2017 is provided in Note 20(9).

(6)Financial assets at amortised cost

		March 31, 2018
Non-current items:		
Financial bonds	$	87,762
Less: Accumulated impairment	(	55)
Total	$	87,707

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	Three months ended March 31, 2018	
Interest income	$	707
Reversal of impairment loss		18
	$	725

B. As at March 31, 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 fair value through other comprehensive income held by the Group was $87,707.

C. The Group has no financial assets at amortised cost pledged to others.

D. Information relating to credit risk is provided in Note 20(6).

E. Information on December 31, 2017 and March 31, 2017 is provided in Note 20(9).

(7)Operating guarantee deposits

The annual interest rates of operating guarantee deposits that were provided as time deposits maturing within one-year in Yuanta Bank as of March 31, 2018, December 31, 2017 and March 31, 2017 were 1.035%, 1.035% and 1.035%~1.125%, respectively. Details of the pledged assets are provided in Note 8.

As at March 31, 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 $147,085.

(8)Clearing and settlement funds

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

As at March 31, 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 $462,649.

(9)Property and equipment

	Land	Building	Equipment	Leasehold improvements	Total
At January 1, 2018					
Cost	$ 410,992	$ 71,577	$ 141,915	$ 40,939	$ 665,423
Accumulated depreciation	-	(1,988)	(67,651)	(18,942)	(88,581)
	$ 410,992	$ 69,589	$ 74,264	$ 21,997	$ 576,842
Three months ended March 31, 2018					
Opening net book amount	$ 410,992	$ 69,589	$ 74,264	$ 21,997	$ 576,842
Additions	-	-	920	131	1,051
Reclassifications	-	-	2,100	-	2,100
Disposals (cost)	-	-	(22,264)	(1,935)	(24,199)
Disposals (accumulated depreciation)	-	-	22,264	1,935	24,199
Depreciation expense	-	(852)	(7,232)	(2,403)	(10,487)
Net exchange	-	-	(146)	(481)	(627)
Closing net book amount	$ 410,992	$ 68,737	$ 69,906	$ 19,244	$ 568,879
At March 31, 2018					
Cost	$ 410,992	$ 71,577	$ 122,473	$ 38,588	$ 643,630
Accumulated depreciation	-	(2,840)	(52,567)	(19,344)	(74,751)
	$ 410,992	$ 68,737	$ 69,906	$ 19,244	$ 568,879

	Land	Building	Equipment	Leasehold improvements	Total
At January 1, 2017					
Cost	$ -	$ -	$ 111,246	$ 23,301	$ 134,547
Accumulated depreciation	-	-	(69,863)	(11,645)	(81,508)
	$ -	$ -	$ 41,383	$ 11,656	$ 53,039
Three months ended March 31, 2017					
Opening net book amount	$ -	$ -	$ 41,383	$ 11,656	$ 53,039
Additions	-	-	3,497	-	3,497
Disposals (cost)	-	-	-	(1,065)	(1,065)
Disposals (accumulated depreciation)	-	-	-	1,065	1,065
Depreciation expense	-	-	(5,174)	(2,008)	(7,182)
Net exchange	-	-	(175)	(3)	(178)
Closing net book amount	$ -	$ -	$ 39,531	$ 9,645	$ 49,176
At March 31, 2017					
Cost	$ -	$ -	$ 114,451	$ 22,185	$ 136,636
Accumulated depreciation	-	-	(74,920)	(12,540)	(87,460)
	$ -	$ -	$ 39,531	$ 9,645	$ 49,176

(10) Intangible assets

	Membership in a foreign Futures Exchange	Others	Total
At January 1, 2018			
Cost	$ 24,125	$ 27,734	$ 51,859
Accumulated amortisation	-	(15,233)	(15,233)
	$ 24,125	$ 12,501	$ 36,626
Three months ended March 31, 2018			
Opening net book amount	$ 24,125	$ 12,501	$ 36,626
Reclassifications	-	1,830	1,830
Disposals (cost)	-	(1,600)	(1,600)
Disposals (accumulated depreciation)	-	1,600	1,600
Amortisation expense	-	(1,455)	(1,455)
Closing net book amount	$ 24,125	$ 12,876	$ 37,001
At March 31, 2018			
Cost	$ 24,125	$ 27,964	$ 52,089
Accumulated amortisation	-	(15,088)	(15,088)
	$ 24,125	$ 12,876	$ 37,001

	Membership in a foreign Futures Exchange	Others	Total
At January 1, 2017			
Cost	$ 24,125	$ 18,520	$ 42,645
Accumulated amortisation	-	(14,427)	(14,427)
Other	2,178	-	2,178
	$ 26,303	$ 4,093	$ 30,396
Three months ended March 31, 2017			
Opening net book amount	$ 26,303	$ 4,093	$ 30,396
Additions	-	7,585	7,585
Amortisation expense	-	(1,072)	(1,072)
Other	(1,566)	-	(1,566)
Closing net book amount	$ 24,737	$ 10,606	$ 35,343
At March 31, 2017			
Cost	$ 24,125	$ 26,105	$ 50,230
Accumulated amortisation	-	(15,499)	(15,499)
Other	612	-	612
	$ 24,737	$ 10,606	$ 35,343

(11) Pension

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

(B) For the aforementioned pension plan, the Group recognized pension costs of $203 and $265 for the three months ended March 31, 2018 and 2017, respectively.

(C) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2019 amounts to $787.

B.(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 three months ended March 31, 2018 and 2017, were $4,229 and $3,855, respectively.

(12) Share capital

As of March 31, 2018, the Company's authorized capital was $2,500,000, and the paid-in capital was $2,322,763 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

(13) Capital surplus

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

(14) Special reserve

	March 31, 2018	December 31, 2017	March 31, 2017
Legal special reserve	$ 1,692,208	$ 1,692,208	$ 1,526,665
Special reserve-Fintech	4,139	4,139	-
	$ 1,696,347	$ 1,696,347	$ 1,526,665

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.

In addition, 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.

(15) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% and 20% of the remaining amount shall be set aside as legal reserve and special reserve. The remainder, if any, to be retained or to be appropriated shall be resolved 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 2016 and 2015 earnings had been resolved by the Board of Directors (acting on behalf of stockholders). Details are summarized below:

	2016		2015	
	Amount	Dividends per Share (in dollars)	Amount	Dividends per Share (in dollars)
Legal reserve	$ 82,771		$ 75,791	
Special reserve	165,543		151,579	
Special reserve-Fintech	4,139		-	
Cash dividends	573,722	$ 2.47	529,590	$ 2.28

E. On March 28, 2018, the Board of Directors resolved the distribution of profits for 2017 as follows:

	2017	
	Amount	Dividends per Share (in dollars)
Legal reserve	$ 87,329	
Special reserve	174,657	
Special reserve-Fintech	4,366	
Cash dividends	464,553	$ 2.00

F. For information relating to employees' remuneration and directors' and supervisors' remuneration, please refer to Note 6(24).

(16) Other equity items

	Unrealised gains (losses) on valuation	Currency translation differences	Total
At January 1, 2018, after adjustments	$ 938,971	($ 27,172)	$ 911,799
Financial assets at fair value through other comprehensive income revaluation	76,941	-	76,941
Financial assets at fair value through other comprehensive income revaluation- write off	(1,298)	-	(1,298)
Currency translation differences -Exchange differences	-	(10,557)	(10,557)
At March 31, 2018	$ 1,014,614	($ 37,729)	$ 976,885

	Available-for-sale investments	Currency translation differences	Total
At January 1, 2017	$ 932,674	($ 4,224)	$ 928,450
Available-for-sale investment revaluation	29,029	-	29,029
Currency translation differences -Exchange differences	-	(19,313)	(19,313)
At March 31, 2017	$ 961,703	($ 23,537)	$ 938,166

(17) Brokerage

	For the three months ended March 31	
	2018	2017
Dealers’ commissions	$ 857,592	$ 586,331

(18) Net (loss) gain on trading of securities

	For the three months ended March 31	
	2018	2017
Revenue from sale of securities - dealing	$ 133,682	$ 15,918
Cost from sale of securities - dealing	(134,438)	(14,707)
Total	($ 756)	$ 1,211

(19) Clearance fee from consignation

	For the three months ended March 31	
	2018	2017
Clearance fee from consignation - non-related parties	$ 11,914	$ 6,613
Clearance fee from consignation - related parties	9,126	8,666
Total	$ 21,040	$ 15,279

(Blank)

(20) Gain on derivatives

	For the three months ended March 31	
	2018	2017
Non-hedging		
Futures contract interests		
Futures contract gains	$ 105,484	$ 178,492
Futures contract losses	(110,137)	(87,341)
	($ 4,653)	$ 91,151
Gain (loss) from trading options		
Gain from trading options	$ 57,633	$ 25,009
Loss from trading options	(13,620)	(38,550)
	$ 44,013	($ 13,541)
Gain (loss) from exchange rate derivatives trading		
Gain from exchange rate derivatives trading	$ 4,587	$ -
Loss from exchange rate derivaitives trading	33	-
	$ 4,620	$ -
Gain (loss) from structured products		
Gain from trading options	$ 34	$ -
Loss from trading options	(22)	-
	$ 12	$ -
Gain (loss) from equity derivatives trading		
Gain from equity derivatives trading	$ 24	$ -
Loss from equity derivatives trading	10	-
	$ 34	$ -
Non-hedging		
Gains from derivative financial instruments	$ 167,762	$ 203,501
Losses from derivative financial instruments	(123,736)	(125,891)
	$ 44,026	$ 77,610

(21) Service charge

	For the three months ended March 31	
	2018	2017
Service charge - brokerage	$ 157,604	$ 111,223
Service charge - dealing	1,424	1,822
Total	$ 159,028	$ 113,045

(22) Futures commissions

	For the three months ended March 31	
	2018	2017
Complex entrusted futures transaction	$ 87,207	$ 72,193
Futures auxiliary business	78,354	56,768
Total	$ 165,561	$ 128,961

(23) Operating expenses

	For the three months ended March 31	
	2018	2017
Employee benefit expense	$ 184,293	$ 91,833
Depreciation expense	10,487	7,182
Amortisation expense	1,455	1,072
Postage and telephone costs	20,176	16,679
Tax expenses	23,146	17,726
Computer information expenses	27,021	20,570
Donation	10	30
Institutional membership fees	12,651	6,607
Operating lease payments	9,706	9,695
Repair charge	6,495	5,134
Advertising costs	10,715	1,796
Service expenses	3,023	2,805
Other expenses	10,414	8,130
Total	$ 319,592	$ 189,259

(24) Employee benefit expense

	For the three months ended March 31	
	2018	2017
Wages and salaries	$ 167,209	$ 74,821
Labor and health insurance fees	7,138	8,324
Pension costs	4,432	4,120
Post-employment benefits	796	267
Other personnel expenses	4,718	4,301
Total	$ 184,293	$ 91,833

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%, of the total distributed amount.

B. For the three months ended March 31, 2018 and 2017, employees' compensation was accrued both at $750, and the aforementioned amounts were recognised in salary expenses.

Employees' compensation and directors' and supervisors' remuneration of 2017 as resolved at the meeting of Board of Directors were in agreement with those amounts recognised in the 2017 financial statements.

Information about employees' compensation and directors' and supervisors' remuneration 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.

(25) Other gains and losses

	For the three months ended March 31	
	2018	2017
Interest income	$ 136,906	$ 123,059
Losses on disposal of investments	(914)	(4,518)
Dividend income	1,595	2,585
Net currency exchange gain (loss)	4,469	(31,885)
Gains (loss) on financial assets at fair value through profit or loss	3,551	(1,847)
Others	8,382	3,127
Total	$ 153,989	$ 90,521

(26) Income tax

A. Income tax expense

Components of income tax expense:

	For the three months ended March 31	
	2018	2017
Current tax:		
Current tax on profits for the period	$ 49,000	$ 22,180
Adjustments in respect of prior years	32	(268)
Total current tax	49,032	21,912
Deferred tax:		
Origination and reversal of temporary differences	-	10,749
Total deferred tax	-	10,749
Income tax expense	$ 49,032	$ 32,661

B. As of December 31, 2017, the Company's income tax returns through 2016 have been assessed and approved by the Tax Authority. The Company's subsidiary, SYF Information Limited's income tax returns through 2016 have been assessed and approved by the Tax Authority.

C. Under the amendments to the Income Tax Act which was promulgated by the President of the Republic of China in February, 2018, the Company's applicable income tax rate was raised from 17% to 20% effective from January 1, 2018. The Group has assessed the impact of the change in income tax rate.

(27) Earnings per share

	For the three months ended March 31, 2018		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per Share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 207,026	232,276	$ 0.89

	For the three months ended March 31, 2017		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per Share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 162,370	232,276	$ 0.70

(28) Operating leases

The Group leases its office and certain equipment under non-cancellable operating lease agreements. The lease terms are between years 2012 to 2019, and all these lease agreements are renewable at the end of the lease period. The Group recognized rental expenses of $9,706 and $9,695 for the three months ended March 31, 2018 and 2017, respectively. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	March 31, 2018	December 31, 2017	March 31, 2017
Less than one year	$ 49,563	$ 40,097	$ 51,885
Later than one year but no later than five years	50,362	14,509	22,782
	$ 99,925	$ 54,606	$ 74,667

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The Company is controlled by Yuanta Financial Holding Co., Ltd., which owns 68.65% of the Company's shares.

(2) The names and relationship of related parties

Names	Relationship with the Group
Yuanta Financial Holdings	The parent company of the Company
Yuanta Bank	The same group of enterprises
Ta Chong Commercial Bank, Ltd. (Note)	The same group of enterprises
Ta Chong Securities Co., Ltd.	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
Polaris Securities (Hong Kong) Co., Ltd.	The same group of enterprises
Funds managed by Yuanta Securities	The funds managed by the same group of companies
Yuanta Cultural & Educational Foundation	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.

Note: Ta Chong Commercial Bank, Ltd. was merged with Yuanta Bank on January 1, 2018. Yuanta Bank was the surviving entity de jure while Ta Chong Bank was dissolved thereafter.

(3)Significant related party transactions and balances

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

	March 31, 2018				
				Futures trading guarantees	
	Bank deposits	Operating guarantee deposits	Customer margin deposits	Self-capital	Balance of excess futures guarantee deposits
Fellow subsidiary					
Yuanta Bank	$ 936,817	$ 140,000	$ 11,334,004	$ -	$ -

	December 31, 2017				
				Futures trading guarantees	
	Bank deposits	Operating guarantee deposits	Customer margin deposits	Self-capital	Balance of excess futures guarantee deposits
Fellow subsidiary					
Yuanta Bank	$ 940,834	$ 140,000	$ 13,026,164	$ -	$ -
Ta Chong Commercial Bank, Ltd.	180,496	-	-	-	-
	$ 1,121,330	$ 140,000	$ 13,026,164	$ -	$ -

	March 31, 2017				
				Futures trading guarantees	
	Bank deposits	Operating guarantee deposits	Customer margin deposits	Self-capital	Balance of excess futures guarantee deposits
Fellow subsidiary					
Yuanta Bank	$ 1,080,251	$ 165,000	$ 12,972,192	$ -	$ -
Ta Chong Commercial Bank, Ltd.	-	-	1,002,153	-	-
Yuanta Securities (Hong Kong) Co., Ltd.	-	-	65,464	400	19,777
	$ 1,080,251	$ 165,000	$ 14,039,809	$ 400	$ 19,777

B. Leverage margin contract trading client margin deposits

	March 31, 2018	December 31, 2017	March 31, 2017
Fellow subsidiary			
Yuanta Bank	$ 135,716	$ 45,372	$ 912

C. Accounts receivable - related parties

	March 31, 2018	December 31, 2017	March 31, 2017
Fellow subsidiary			
Yuanta Securities Co. ,Ltd.	$ 3,620	$ 3,247	$ 3,854
Yuanta Bank	94	1,581	-
	$ 3,714	$ 4,828	$ 3,854

D. Other receivables - related parties

	March 31, 2018	December 31, 2017	March 31, 2017
Fellow subsidiary			
Yuanta Bank	$ 5,998	$ 8,152	$ 7,441
Ta Chong Commercial Bank, Ltd.	-	448	-
Yuanta Securities (Hong Kong) Co., Ltd.	163	45	-
Yuanta Securities Investment Trust	-	-	19
	$ 6,161	$ 8,645	$ 7,460

E. Refundable deposits

	March 31, 2018	December 31, 2017	March 31, 2017
Fellow subsidiary			
Yuanta Bank	$ 10,321	$ 10,321	$ 421
Yuanta Securities Co. ,Ltd.	5,232	5,232	5,232
	$ 15,553	$ 15,553	$ 5,653

F. Futures traders' equity

	March 31, 2018	December 31, 2017	March 31, 2017
Fellow subsidiary			
Yuanta Bank	$ 41,318	$ 16,856	$ 24,548
Ta Chong Commercial Bank, Ltd.	-	-	39,122
Yuanta Securities Co. , Ltd.	3,238,831	2,315,602	1,844,840
Yuanta Securities (Hong Kong) Co., Ltd.	379,677	446,634	216,228
Polaris Securities (Hong Kong) Co., Ltd.	-	-	85,641
Yuanta Securities Korea Co., Ltd.	140,604	96,090	22,715
Funds managed by fellow subsidiary			
Funds managed by Yuanta Securities Investment Trust	16,516,651	13,888,715	14,770,378
President and significant shareholder of financial holding company and subsidiary	860,092	857,927	53,011
Other related parties	18,469	14,889	17,289
	$ 21,195,642	$ 17,636,713	$ 17,073,772

G. Accounts payable - related parties

	March 31, 2018	December 31, 2017	March 31, 2017
Fellow subsidiary			
Yuanta Securities Co., Ltd.	$ 25,616	$ 24,412	$ 21,686
Other related parties			
Antay Securities Co.,Ltd.	299	242	-
	$ 25,915	$ 24,654	$ 21,686

H. Other payables - related parties

	March 31, 2018	December 31, 2017	March 31, 2017
Parent Company			
Yuanta Financial Holdings	$ 429	$ 410	$ 37
Fellow subsidiary			
Yuanta Securities Co., Ltd.	283	275	120
President and significant shareholder of financial holding company and subsidiary	38	48	-
	$ 750	$ 733	$ 157

I. Brokerage

	For the three months ended March 31	
	2018	2017
Fellow subsidiary		
Yuanta Bank	$ 230	$ 8
Ta Chong Commercial Bank, Ltd.	-	1,033
Yuanta Securities Co., Ltd.	27,658	14,712
Yuanta Securities (Hong Kong) Co., Ltd.	734	455
Ta Chong Securities Co., Ltd.	-	437
Yuanta Securities Korea Co., Ltd.	363	25
Funds managed by fellow subsidiary		
Funds managed by Yuanta Securities Investment Trust	40,621	42,034
President and significant shareholder of financial holding company and subsidiary	817	990
Other related parties	505	2,163
	$ 70,928	$ 61,857

J. Clearance fee from consignation

	For the three months ended March 31	
	2018	2017
Fellow subsidiary		
Yuanta Securities Co. ,Ltd.	$ 9,126	$ 8,666

K. Securities trading commissions income

	For the three months ended March 31	
	2018	2017
Fellow subsidiary		
Yuanta Securities Co. ,Ltd.	$ 1,217	$ 757

L. Co-marketing revenue

	For the three months ended March 31	
	2018	2017
Fellow subsidiary		
Yuanta Securities Investment Trust	$ -	$ 124

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

	For the three months ended March 31	
	2018	2017
Fellow subsidiary		
Yuanta Securities Co. ,Ltd.	$ 66,366	$ 49,364
Yuanta Securities (Hong Kong) Co., Ltd.	43	1,735
Yuanta Securities Korea Co., Ltd.	243	285
Other related parties		
Antay Securities Co.,Ltd.	678	-
	$ 67,330	$ 51,384

The Group engaged with Yuanta Securities Co., Ltd., Yuanta Securities (Hong Kong) Co., Ltd. ,Yuanta Securities Korea Co., Ltd. and Antay Securities 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.

N. Service fees

	For the three months ended March 31	
	2018	2017
Fellow subsidiary		
Yuanta Securities Investment Consulting	$ 918	$ 918
Yuanta Securities Co. ,Ltd.	390	360
	$ 1,308	$ 1,278

O. Interest income

	For the three months ended March 31	
	2018	2017
Fellow subsidiary		
Yuanta Bank	$ 38,388	$ 41,971
Yuanta Securities Co. ,Ltd.	13	261
Ta Chong Commercial Bank, Ltd.	-	137
	$ 38,401	$ 42,369

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

P. Interest expense

	For the three months ended March 31	
	2018	2017
Fellow subsidiary		
Yuanta Securities (Hong Kong) Co. ,Ltd.	$ 123	$ 35
Yuanta Securities Co., Ltd.	667	602
	$ 790	$ 637

Q. Rental expense

	For the three months ended March 31	
	2018	2017
Fellow subsidiary		
Yuanta Bank	$ 433	$ 433
Yuanta Securities Co. ,Ltd.	5,161	5,246
	$ 5,594	$ 5,679

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

R. Property transactions

	March 31, 2018	December 31, 2017	March 31, 2017
Fellow subsidiary			
Yuanta Securities (Hong Kong) Co., Ltd.	$ 33,774	$ 30,445	$ -
Funds managed by fellow subsidiary			
Funds managed by Yuanta Securities Investment Trust	-	-	71,170
	$ 33,774	$ 30,445	$ 71,170

The losses on disposal of funds managed by fellow subsidiary and other related parties' stocks were $315 and $3,874 for the three months ended March 31, 2018 and 2017, respectively.

(4) Key management compensation

	For the three months ended March 31	
	2018	2017
Salaries and other short-term employee benefits	$ 64,879	$ 28,149
Termination benefits	1,146	1,018
Other long-term benefits	408	378
	$ 66,433	$ 29,545

8. PLEDGED ASSETS

	March 31, 2018	December 31, 2017	March 31, 2017
Operating guarantee deposits	$ 147,085	$ 147,168	$ 165,000

9. SIGNIFICANT COMMITMENTS AND CONTINGENT LIABILITIES

Commitments

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

10. SIGNIFICANT LOSS FROM NATURAL DISASTER

None.

(Blank)

11. DERIVATIVE INSTRUMENT TRANSACTIONS

The Group had financial instrument trading - derivatives as follows:

March 31, 2018

Item	Object of transaction	Open Interest: Buyer /Seller	Open Interest: Number of contract(s) (lot)	Margin paid (received)	Fair value	Remarks
Futures contracts (Domestic)	TX	Buyer	11	$ 23,541	$ 23,588	
	TX	Seller	12	(26,055)	(26,218)	
	MTX	Buyer	32	17,233	17,478	
	MTX	Seller	16	(8,234)	(8,294)	
	Stock futures	Buyer	80	39,817	39,600	
	Stock futures	Seller	80	(12,181)	(11,633)	
	TE	Seller	25	(45,184)	(45,685)	
Futures contracts (Overseas)	Metal Futures	Buyer	54	26,765	26,351	
	Metal Futures	Seller	78	(27,347)	(27,108)	
	Index Futures	Buyer	30	22,785	21,950	
	Index Futures	Seller	17	(9,131)	(8,647)	
	Energy Futures	Buyer	17	1,908	1,906	
	Energy Futures	Seller	4	(794)	(798)	
	Grain Futures	Buyer	19	930	914	
	Grain Futures	Seller	18	(1,439)	(1,452)	
	Foreign Exchange	Buyer	1	88	88	
	Foreign Exchange	Seller	1	(77)	(77)	
Option contracts (Domestic)	TXO	Buy call	7,559	9,507	10,627	
	TXO	Buy put	2,820	13,298	8,282	
	TXO	Sell call	7,611	(10,199)	(12,105)	
	TXO	Sell put	2,898	(13,577)	(7,478)	
Option contracts (Overseas)	Futuers options	Buy call	30	39	31	
	Futuers options	Buy put	30	43	44	
	Futuers options	Sell call	30	(36)	(9)	
	Futuers options	Sell put	30	(24)	(26)	

December 31, 2017						
		Open Interest				
Item	Object of transaction	Buyer /Seller	Number of contract(s) (lot)	Margin paid (received)	Fair value	Remarks
Futures contracts (Domestic)	TX	Buyer	31	$ 65,476	$ 65,925	
	MTX	Buyer	1	534	532	
	Stock futures	Buyer	168	7,360	7,046	
Futures contracts (Overseas)	Metal Futures	Buyer	3	7,386	7,654	
	Index Futures	Buyer	3	19,679	19,755	
	Index Futures	Seller	2	(7,916)	(7,833)	
	Energy Futures	Seller	6	(10,206)	(10,789)	
	Grain Futures	Buyer	14	10,626	10,579	
	Grain Futures	Seller	5	(1,314)	(1,317)	
	Gold Futures	Buyer	16	32,812	33,120	
	Gold Futures	Seller	25	(31,152)	(31,286)	
Option contracts (Domestic)	TXO	Buy call	31	55	51	
	TXO	Buy put	2	18	10	
	TXO	Sell call	2	(20)	(14)	
	TXO	Sell put	1	(5)	(2)	
Option contracts (Overseas)	Stock options	Sell put	120	(278)	(287)	
	Futuers options	Buy call	40	75	67	
	Futuers options	Buy put	40	43	63	
	Futuers options	Sell call	20	(22)	(15)	
	Futuers options	Sell put	20	(7)	(11)	

March 31, 2017

Item	Object of transaction	Open Interest: Buyer /Seller	Open Interest: Number of contract(s) (lot)	Margin paid (received)	Fair value	Remarks
Futures contracts (Domestic)	TX	Buyer	63	$123,836	$123,745	
	TX	Seller	146	(286,970)	(286,773)	
	MTX	Buyer	3	1,489	1,473	
	MTX	Seller	5	(2,451)	(2,455)	
	TJF	Buyer	3	923	911	
	Stock futures	Buyer	36	833	836	
	Stock futures	Seller	30	(2,322)	(2,303)	
	TF	Seller	1	(1,117)	(1,114)	
	Metal Futures	Buyer	9	4,125	4,118	
	Metal Futures	Seller	8	(3,662)	(3,662)	
	TE	Buyer	9	14,273	14,398	
	GDF	Buyer	10	3,733	3,768	
	GDF	Seller	22	(8,310)	(8,306)	
Futures contracts (Overseas)	Foreign Exchange	Buyer	6	13,618	13,709	
	Metal Futures	Buyer	15	36,545	36,496	
	Metal Futures	Seller	6	(22,655)	(22,769)	
	Index Futures	Buyer	328	220,625	221,193	
	Index Futures	Seller	46	(109,053)	(109,123)	
	Energy Futures	Buyer	6	8,788	9,208	
	Grain Futures	Seller	10	(15,078)	(14,346)	
Option contracts (Domestic)	Stock options	Buy call	7	39	17	
	Stock options	Buy put	10	30	41	
	Stock options	Sell call	105	(11)	(10)	
	Stock options	Sell put	7	(83)	(84)	
	TXO	Buy call	7,402	4,629	3,198	
	TXO	Buy put	4,300	6,465	6,300	
	TXO	Sell call	6,391	(5,310)	(3,195)	
	TXO	Sell put	2,639	(8,718)	(9,815)	
	TEO	Buy put	1	8	2	

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	1/1/2018 ~ 3/31/2018		1/1/2017 ~ 3/31/2017		Standard	Enforcement
		Calculation	Ratio	Calculation	Ratio		(Note 3)
17	*Equity* / *(Total liabilities – Future traders' equity)*	7,740,537 / 680,724	11.37	7,355,982 / 388,435	18.94	≧1	Satisfied
17	*Current assets* / *Current liabilities*	57,446,321 / 52,824,865	1.09	53,023,425 / 48,005,694	1.10	≧1	Satisfied
22	*Equity* / *Minimum paid – in capital (Note 1)*	7,740,537 / 1,060,000	730.24%	7,355,982 / 1,160,000	634.14%	≧60% ≧40% (Note 2)	Satisfied
22	*Post – adjustment net capital* / *Total margin deposit required for futures traders, not yet off-set*	5,886,752 / 8,868,937	66.37%	6,116,735 / 7,239,160	84.50%	≧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 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 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)

For the three months ended March 31, 2018						
	Broker		Dealer		Total	
Items	Amount	%	Amount	%	Amount	%
Direct segment profit						
Segment revenue						
Brokerage	$ 857,592	102	$ -	-	$ 857,592	97
Loss on trading of securities	-	-	(756)	(2)	(756)	-
Gain on valuation of trading securities	-	-	509	1	509	-
Loss on repurchase of lending Securities and sell back to bond Funds and bonds	-	-	(413)	(1)	(413)	-
Lending securities and sell back to bond funds and bonds through profit or loss at fair value measurements of net losses	-	-	(381)	(1)	(381)	-
Securities commission revenue	1,217	-	-	-	1,217	-
Clearance fee from consignation	21,040	3	-	-	21,040	3
Gain on derivative financial instruments	-	-	44,026	101	44,026	5
Futures advisory revenues	3,337	-	-	-	3,337	-
Expected credit losses	(45,820)	(5)	-	-	(45,820)	(5)
Other operating revenues (losses)	(558)	-	806	2	248	-
Total revenues	836,808	100	43,791	100	880,599	100
Segment expense						
Brokerage fee	(157,604)	(19)	-	-	(157,604)	(18)
Dealer handling fee	-	-	(1,424)	(3)	(1,424)	-
Interest expense	(9,317)	(1)	(240)	(1)	(9,557)	(1)
Futures commission	(164,285)	(20)	(1,276)	(3)	(165,561)	(19)
Clearance fee	(122,878)	(15)	(868)	(2)	(123,746)	(14)
Other operating fee	-	-	(1,046)	(2)	(1,046)	-
Employee benefit expense	(132,706)	(16)	(16,979)	(39)	(149,685)	(17)
Depreciation and amortization	(9,730)	(1)	(1,973)	(5)	(11,703)	(1)
Other operating expenses	(107,095)	(13)	(11,925)	(27)	(119,020)	(14)
Total expense	(703,615)	(85)	(35,731)	(82)	(739,346)	(84)
Segment operating income	133,193	15	8,060	18	141,253	16
Other gains and losses	144,699	17	9,290	21	153,989	17
Segment profit	$ 277,892	32	$ 17,350	39	295,242	33
Indirect segment profit (loss)						
Management expense					(39,184)	(4)
Net income before income tax					256,058	29
Income tax expense					(49,032)	(6)
Net income					$ 207,026	23

For the three months ended March 31, 2017						
	Broker		Dealer		Total	
Items	Amount	%	Amount	%	Amount	%
Direct segment profit						
Segment revenue						
Brokerage	$ 586,331	97	$ -	-	$ 586,331	93
Gain on trading of securities	-	-	1,211	5	1,211	-
Loss on valuation of trading securities	-	-	(35)	-	(35)	-
Loss on repurchase of lending Securities and sell back to bond Funds and bonds	-	-	(55,359)	(234)	(55,359)	(9)
Lending securities and sell back to bond funds and bonds through profit or loss at fair value measurements of net benefits	-	-	224	1	224	-
Securities commission revenue	757	-	-	-	757	-
Clearance fee from consignation	15,279	3	-	-	15,279	3
Gain on derivative financial instruments	-	-	77,610	328	77,610	12
Futures management fee revenues	198	-	-	-	198	-
Futures advisory revenues	2,860	-	-	-	2,860	1
Other operating revenues	(584)	-	-	-	(584)	-
Total revenues	604,841	100	23,651	100	628,492	100
Segment expense						
Brokerage fee	(111,223)	(18)	-	-	(111,223)	(18)
Dealer handling fee	-	-	(1,822)	(8)	(1,822)	-
Interest expense	(7,323)	(1)	(5)	-	(7,328)	(1)
Futures commission	(125,782)	(21)	(3,179)	(13)	(128,961)	(21)
Clearance fee	(84,157)	(14)	(1,232)	(5)	(85,389)	(14)
Employee benefit expense	(57,422)	(9)	(7,544)	(32)	(64,966)	(10)
Depreciation and amortization	(6,576)	(1)	(1,390)	(6)	(7,966)	(1)
Other operating expenses	(74,877)	(12)	(9,834)	(42)	(84,711)	(13)
Total expense	(467,360)	(76)	(25,006)	(106)	(492,366)	(78)
Segment operating income (loss)	137,481	24	(1,355)	(6)	136,126	22
Other gains and losses	88,712	15	1,809	8	90,521	14
Segment profit (loss)	$ 226,193	39	$ 454	2	226,647	36
Indirect segment profit (loss)						
Management expense					(31,616)	(5)
Net income before income tax					195,031	31
Income tax expense					(32,661)	(5)
Net income					$ 162,370	26

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

15. SUBSEQUENT EVENTS

None.

16. RELATED INFORMATION OF SIGNIFICANT TRANSACTIONS

(1) Financing activities to any company or person: None.

(2) Endorsements and guarantees provided: None.

(3) Acquisition of real estate properties exceeding $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) Purchases or sales transactions discount on Broker's charges with related parties in excess of NT$5,000,000：None.

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

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

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

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

Investor	Investee	Location	Set up date	FSC Approved Number	Main business activities	Initial investment amount		Shares held as at March 31, 2018			Operating revenue by the company	Net income (loss) of the investee	Investment income (loss) recognized by the company	Cash dividend for the current period	Note
						Balance as at March 31, 2018	Balance as at December 31, 2017	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	$495,999	$495,999	16,000	100.00%	406,921	$ 18,545	($ 2,900)	($ 2,900)	-	
Yuanta Futures Co., Ltd.	SYF Information Co., Ltd.	Taiwan	2012.10.16	Gin-Gwen-Zheng-Qi Letter No. 1010035210	Information Technology Services	350,000	350,000	35,000	100.00%	297,184	-	(3,296)	(3,296)	-	
SYF Information Co., Ltd	SYF Information (SAMOA) Limited	Samoa	2012.11.15	Gin-Gwen-Zheng-Qi Letter No. 1010035210	Investment Holdings	184,857	184,857	5,800	100.00%	156,104	-	(3,338)	(3,338)	-	

(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 Companies’ paid-in capital: None

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

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

G. Other: Significant transactions between parent company and subsidiaries: None.

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

None.

19. DISCLOSURE OF INFORMATION ON INDIRECT INVESTMENT IN MAINLAND CHINA

(1) Basic information:

Name of investee in Mainland China	Main business activities	Issued capital	Investment method (Note 1)	Beginning balance of foreign investment from Taiwan	Investment movement within this period		Ending balance of foreign investment from Taiwan	Net income of investee	Percentage of direct or indirect investment holding	Gain (loss) recognized during the period (Notes 2) (2.C)	Book value as of March 31, 2018	Accumulated gain returned to Taiwan at end of period	Note
					Invested amount	Returned amount							
SYF Information (Shanghai) Limited	Research & development and production of computer software, etc.	$157,209	(2) SYF Information (Samoa) Limited	$157,209	$ -	$ -	$157,209	($3,407)	100	($ 3,407)	$132,351	-	

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2018	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
Yuanta Futures Co., Ltd.	$ 157,209	$ 174,000	$ 4,644,322

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.

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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(20) and 20(9).

(3) Fair value estimation

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) Except for those listed in the table below, the carrying amounts of cash and cash equivalents, margin deposits, futures trading margin receivable, accounts receivable, accounts receivable –related parties, other current assets, operating guarantee deposits, clearing and settlement funds, refundable deposits, future traders' equity, accounts payable, accounts payable–related parties, other payables, other payable–related parties and other current liabilities are approximate to their fair values.

	March 31, 2018			
		Fair Value		
	Book value	Level 1	Level 2	Level 3
Financial assets:				
Financial assets at amortised cost				
Financial bonds	$ 87,707	$ -	$ 87,422	$ -
Total	$ 87,707	$ -	$ 87,422	$ -

(B) The methods and assumptions of fair value estimate are as follows:

Financial bonds: They are measured at quoted price in active markets.

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 at March 31, 2018, December 31, 2017 and March 31, 2017 is as follows:

March 31, 2018	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 44,118	$ -	$ -	$ 44,118
Beneficiary certificates	7,108	-	-	7,108
Open-End Fund and Money Market Instruments	131,059	-	-	131,059
Futures	41,664	-	-	41,664
Options	18,984	-	-	18,984
Derivatives Assets - Leverage margin contract transaction	-	13,367	-	13,367
Financial assets at fair value through other comprehensive income				
Equity securities	362,107	-	1,257,885	1,619,992
Total	$ 605,040	$ 13,367	$ 1,257,885	$ 1,876,292
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Options	$ 19,618	$ -	$ -	$ 19,618
Derivatives Liabilities - Leverage margin contract transaction	-	48	-	48
Total	$ 19,618	$ 48	$ -	$ 19,666

December 31, 2017	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Beneficiary certificates	$ 7,408	$ -	$ -	$ 7,408
Open-End Fund and Money Market Instruments	107,569	-	-	107,569
Futures	27,315	-	-	27,315
Options	191	-	-	191
Derivatives Assets - Leverage margin contract transaction	-	4,190	-	4,190
Available-for-sale financial assets				
Equity securities	280,461	-	1,183,345	1,463,806
Financial bonds	-	90,174	-	90,174
Total	$ 422,944	$ 94,364	$ 1,183,345	$ 1,700,653
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Options	$ 329	$ -	$ -	$ 329
Security borrowing payable	7,049	-	-	7,049
Derivatives Liabilities - Leverage margin contract transaction	-	71	-	71
Total	$ 7,378	$ 71	$ -	$ 7,449

March 31, 2017	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 23,616	$ -	$ -	$ 23,616
Beneficiary certificates	138,380	-	-	138,380
Open-End Fund and Money Market Instruments	44,494	-	-	44,494
Futures	32,159	-	-	32,159
Options	9,558	-	-	9,558
Derivatives Assests - Counter	-	7,585	-	7,585
Available-for-sale financial assets				
Equity securities	515,994	-	1,144,136	1,660,130
Financial bonds	-	92,961	-	92,961
Total	$ 764,201	$100,546	$ 1,144,136	$ 2,008,883

Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Options	$ 13,104	$ -	$ -	$ 13,104
Total	$ 13,104	$ -	$ -	$ 13,104

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 available-for-sale financial assets.

(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 three months ended March 31, 2018 and 2017, there were no transfer between Level 1 and Level 2.

F. The following table presents the changes in level 3 instruments for the three months ended March 31, 2018 and 2017.

		Equity securities
January 1, 2018	$	1,183,345
Gains and losses recognised in other comprehensive income (Note 1)		74,540
March 31, 2018	$	1,257,885

		Equity securities
January 1, 2017	$	1,119,350
Gains and losses recognised in other comprehensive income (Note 2)		24,786
March 31, 2017	$	1,144,136

Note 1: Recorded as unrealised valuation gain or loss of financial assets at fair value through other comprehensive income.

Note 2: Recorded as unrealised valuation gain or loss of available-for-sale financial assets.

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

		Fair value at March 31, 2018	Valuation technique	Significant Unobservable input	Range (weighted average)
Non-derivative equity					
Non-listed stocks	$	1,257,885	Market approach	Price to earnings ratio multiple	25.42
				Discount of marketability	40%

		Fair value at December 31, 2017	Valuation technique	Significant Unobservable input	Range (weighted average)
Non-derivative equity					
Non-listed stocks	$	1,183,345	Market approach	Price to earnings ratio multiple	25.03
				Discount of marketability	40%

	Fair value at March 31, 2017	Valuation technique	Significant Unobservable input	Range (weighted average)
Non-derivative equity				
Non-listed stocks	$ 1,144,136	Market approach	Price to earnings ratio multiple	25.51-27.17
			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. The Group has carefully assessed the valuation models and assumptions used to measure fair value; therefore, the fair value measurement is reasonable. However, 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%:

	March 31, 2018	
	Recognised in other comprehensive income	
	Favourable change	Unfavourable change
Financial assets		
Equity instrument	$ 4,193	($ 4,193)

	December 31, 2017	
	Recognised in other comprehensive income	
	Favourable change	Unfavourable change
Financial assets		
Equity instrument	$ 3,944	($ 3,944)

	March 31, 2017	
	Recognised in other comprehensive income	
	Favourable change	Unfavourable change
Financial assets		
Equity instrument	$ 3,825	($ 3,825)

(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 ~ March 31, 2018

Amount in thousands of NTD

Type of Trading	Equity	Commodity	Foreign Exchange Rate	Interest Rate	Total
March 31, 2018	$ 1,409	$ 893	$ 600	$ -	$ 1,806
Average	1,812	769	791	92	2,806
Lowest	430	289	-	-	867
Highest	5,516	1,393	1,718	1,472	5,974

Period: January 1 ~ March 31, 2017

Amount in thousands of NTD

Type of Trading	Equity	Commodity	Foreign Exchange Rate	Interest Rate	Total
March 31, 2017	$ 2,286	$ 845	$ 167	$ -	$ 2,701
Average	3,215	2,286	345	126	4,246
Lowest	1,036	662	-	-	1,616
Highest	8,616	7,105	4,414	2,644	9,109

Note 1： Trading included futures dealer trading and securities dealer trading but excluded medium and long-term securities investments.

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

The Group continues to run model validation and back testing to ensure that the Group's VaR model can reasonably, completely and correctly measure maximum potential losses of financial instruments.

(6) Credit risk

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 March 31, 2018, the highest was Taiwan with 86.57%, the second was Asia (excluding Taiwan) with 9.51%, and the third was Europe with 3.81%. Compared to the same period last year, the proportion of investments in Asia has increased slightly in this period.

	March 31, 2018	December 31, 2017	March 31, 2017
Taiwan	$ 51,085,422	$ 50,054,762	$ 48,696,601
Asia(not including Taiwan)	5,614,522	3,333,022	1,610,521
Europe	2,248,883	1,825,413	3,037,253
America	62,384	78,363	87,486
Total	$ 59,011,211	$ 55,291,560	$ 53,431,861

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 are 99.67% and other industries is 1% below. Credit risk is concentrated in financial institutions because the Group's own capital and margins received from customers were both deposited with financial institutions, debt securities held by the Group were issued or guaranteed by banks, and counterparties of derivative trade and reverse repurchase agreement of bonds undertaken by the Group were banks, futures clearing and settlement institution and re-consigned futures firms. The percentages distribution did not change significantly in this period compared to the corresponding period of last year.

	March 31, 2018	December 31, 2017	March 31, 2017
Privately owned businesses	$ 30,512	$ -	$ -
Financial institutions	58,813,710	55,211,803	53,412,811
Public enterprises	4	4	4
Other	166,985	79,753	19,046
Total	$ 59,011,211	$ 55,291,560	$ 53,431,861

(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 weak, 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) do the internal credit risk ratings.

b. As of March 31, 2018, the credit quality levels of the Group's financial assets were classified as follows: Excellent is 99.67%, below the standard is 0.29%. The result of credit quality level classification did not change significantly in this period compared to the corresponding period of last year.

	March 31, 2018	December 31, 2017	March 31, 2017
Excellent	$ 58,815,197	$ 55,183,637	$ 53,375,873
Standard	24,740	24,280	33,697
Below standard	171,274	83,643	22,291
Total	$ 59,011,211	$ 55,291,560	$ 53,431,861

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, other receivables – interest on bond

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 and other receivables-interest on bond” of the Group are as follows:

i. Futures trading margin receivable

	March 31, 2018			
		Life time		
	12 months	Increase in credit risk	Impairment of credit	
	Without past due or within 30 days	Up to 30 days	Up to 90 days	Total
Expected loss rate	0%	42.69%	100%	
Total book value	$ -	$ 107,107	$ 241	$107,348
Loss allowance	$ -	($ 45,838)	($ 241)	($ 46,079)
Maximum exposure amount	$ -	$ 61,269	$ -	$ 61,269

ii. Other receivables-interest on bond

The total carrying amount and maximum exposure of "other receivables-interest on bond" of the Group within 12 months are both $1,233.

(b)Movements in loss allowance for futures trading margin receivable and other receivables-bonds interests are as follows:

i. Futures trading margin receivable

	March 31, 2018			
		Life time		
	12 months	Increase in credit risk	Impairment of credit	
	Without past due or within 30 days	Up to 30 days	Up to 90 days	Total
January 1, 2018	$ -	$ -	($ 241)	($ 241)
Provision for impairment	-	(45,838)	$ -	(45,838)
March 31, 2018	$ -	($ 45,838)	($ 241)	($ 46,079)

ii. Other receivables-interest on bond

The Group's other receivables – interest on bond is included in the adjustment of financial assets measured at amortised cost.

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 March 31, 2018, are as follows:

	March 31, 2018
	12 months
Expected loss rate	0.038%~0.075%
Total book value	$ 87,762
Loss allowance	($ 55)
Maximum exposure amount	$ 87,707

(e) The Group has no life time expected credit loss of the investments in debt instrument at amortized cost as of March 31, 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:

	2018
	12 months
At January 1_IAS 39	$ -
Adjustments under new standards	(76)
At January 1_IFRS 9	(76)
Reversal of impairment	18
Effect of foreign exchange	3
March 31	($ 55)

E. For investments in debt instruments at amortised cost, the credit rating levels within 12 months are presented as below:

	March 31, 2018
	12 months
Financial assets at amortised cost	
Group 1	$ 87,762

Group 1: Credit rating level over BBB+.

F. Credit risk information for the three months ended March 31, 2018 is provided in Note 20(9).

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(7) Liquidity risk analysis

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

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

Cash flow analysis of financial liabilities on March 31, 2018

		Payment period					
Accounts	Financial liabilities	Prevailing Period	Less than 3 months	3 ~12 months	1~5 years	Over 5 years	Total
212000	Financial liabilities at fair value through profit and loss -current	$ 19,666	$ -	$ -	$ -	$ -	$ 19,666
214080	Futures traders' equity	52,980,422	-	-	-	-	52,980,422
214100	Leverage margin contract transaction traders' equity	125,321	-	-	-	-	125,321
214130	Accounts payable	-	152,538	-	-	-	152,538
214140	Accounts payable-related parties	-	25,915	-	-	-	25,915
214170	Other payables	-	69,077	112,461	1,899	197	183,634
214180	Other payables-related parties	-	750	-	-	-	750
219000	Other current liabilities	-	1,004	4,159	-	-	5,163
	Total	$53,125,409	$ 249,284	$ 116,620	$ 1,899	$ 197	$53,493,409
	Percentage (%) of overall	99.31%	0.47%	0.22%	0.00%	0.00%	100.00%

Cash flow analysis of financial liabilities on December 31, 2017

Accounts	Financial liabilities	Payment period: Prevailing Period	Payment period: Less than 3 months	Payment period: 3 ~12 months	Payment period: 1~5 years	Payment period: Over 5 years	Total
212000	Financial liabilities at fair value through profit and loss -current	$ 7,449	$ -	$ -	$ -	$ -	$ 7,449
214080	Futures traders' equity	49,432,661	-	-	-	-	49,432,661
214100	Leverage margin contract transaction traders' equity	44,813	-	-	-	-	44,813
214130	Accounts payable	-	128,211	-	-	-	128,211
214140	Accounts payable-related parties	-	24,654	-	-	-	24,654
214170	Other payables	-	69,775	132,281	1,899	197	204,152
214180	Other payables-related parties	-	733	-	-	-	733
214200	Other financial liabilities - current	500	-	-	-	-	500
219000	Other current liabilities	-	17,834	5,509	-	-	23,343
	Total	$49,485,423	$ 241,207	$ 137,790	$ 1,899	$ 197	$49,866,516
	Percentage (%) of overall	99.24%	0.48%	0.28%	0.00%	0.00%	100.00%

Cash flow analysis of financial liabilities on March 31, 2017

Accounts	Financial liabilities	Payment period: Prevailing Period	Payment period: Less than 3 months	Payment period: 3 ~12 months	Payment period: 1~5 years	Payment period: Over 5 years	Total
212000	Financial liabilities at fair value through profit and loss -current	$ 13,104	-	$ -	$ -	$ -	$ 13,104
214080	Futures traders' equity	47,687,862	-	-	-	-	47,687,862
214100	Leverage margin contract transaction traders' equity	912	-	-	-	-	912
214130	Accounts payable	2,554	104,160	-	-	-	106,714
214140	Accounts payable-related parties	-	21,686	-	-	-	21,686
214170	Other payables	-	89,085	3,890	1,899	197	95,071
214180	Other payables-related parties	-	157	-	-	-	157
219000	Other current liabilities	-	137	3,563	12	-	3,712
	Total	$47,704,432	$ 215,225	$ 7,453	$ 1,911	$ 197	$47,929,218
	Percentage (%) of overall	99.53%	0.45%	0.02%	0.00%	0.00%	100.00%

Note: All amounts of cash flow analysis of financial liabilities were total cash flow of liabilities without discount.

The analysis of cash flow gap on March 31, 2018

Accounts	Financial assets	Payment period: Prevailing Period	Less than 3 months	3 ~12 months	1~5 years	Over 5 years	Total
111100	Cash and cash equivalents	$ 951,590	$ 2,633,449	$ 1,122,843	$ -	$ -	$ 4,707,882
112000	Financial assets at fair value through profit or loss-current	256,300	-	-	-	-	256,300
113200	Financial assets at fair value through other comprehensive income-current	362,107	-	-	-	-	362,107
114070	Margin deposits	53,203,217	-	-	-	-	53,203,217
114080	Futures trading margin receivable	61,269	-	-	-	-	61,269
114130	Accounts receivable	-	6,965	-	-	-	6,965
114140	Accounts receivable-related parties	-	3,714	-	-	-	3,714
114170	Other receivables	-	44,770	-	-	-	44,770
114180	Other receivables-related parties	-	6,161	-	-	-	6,161
114300	Leverage margin contract trading Client margin deposits	135,716	-	-	-	-	135,716
119990	Other current assets	-	28	-	-	-	28
123200	Financial assets at fair value through other comprehensive income-non-current	-	-	-	1,257,885	-	1,257,885
123300	Financial assets at amortised cost-non-current	-	87,707	-	-	-	87,707
129010	Operating guarantee deposits	-	-	-	-	147,085	147,085
129020	Clearing and settlement funds	-	-	-	-	462,649	462,649
129030	Refundable deposits	-	-	-	22,966	-	22,966
	Subtotal	$54,970,199	$ 2,782,794	$ 1,122,843	$ 1,280,851	$ 609,734	$60,766,421
	Cash inflow	$54,970,199	$ 2,782,794	$ 1,122,843	$ 1,280,851	$ 609,734	$60,766,421
	Cash outflow	53,125,409	249,284	116,620	1,899	197	53,493,409
	The amount of capital gap	$ 1,844,790	$ 2,533,510	$ 1,006,223	$ 1,278,952	$ 609,537	$ 7,273,012

The analysis of cash flow gap on December 31, 2017

Accounts	Financial assets	Payment period: Prevailing Period	Payment period: Less than 3 months	Payment period: 3 ~12 months	Payment period: 1~5 years	Payment period: Over 5 years	Total
111100	Cash and cash equivalents	$ 816,243	$ 2,750,369	$ 1,209,951	$ -	$ -	$ 4,776,563
112000	Financial assets at fair value through profit or loss-current	146,673	-	-	-	-	146,673
113400	Available-for-sale financial assets-current	280,461	-	-	-	-	280,461
114070	Margin deposits	49,642,864	-	-	-	-	49,642,864
114080	Futures trading margin receivable	241	-	-	-	-	241
114100	Security lending deposits	6,130	-	-	-	-	6,130
114130	Accounts receivable	-	11,441	-	-	-	11,441
114140	Accounts receivable-related parties	-	4,828	-	-	-	4,828
114170	Other receivables	-	15,279	-	-	-	15,279
114180	Other receivables-related parties	-	8,645	-	-	-	8,645
114300	Leverage margin contract trading Client margin deposits	45,372	-	-	-	-	45,372
119990	Other current assets	-	13	-	-	-	13
123400	Available-for-sale financial assets-non-current	-	-	-	1,273,519	-	1,273,519
129010	Operating guarantee deposits	-	-	-	-	147,168	147,168
129020	Clearing and settlement funds	-	-	-	-	442,569	442,569
129030	Refundable deposits	-	-	-	22,823	-	22,823
	Subtotal	$50,937,984	$ 2,790,575	$ 1,209,951	$ 1,296,342	$ 589,737	$56,824,589
	Cash inflow	$50,937,984	$ 2,790,575	$ 1,209,951	$ 1,296,342	$ 589,737	$56,824,589
	Cash outflow	49,485,423	241,207	137,790	1,899	197	49,866,516
	The amount of capital gap	$ 1,452,561	$ 2,549,368	$ 1,072,161	$ 1,294,443	$ 589,540	$ 6,958,073

The analysis of cash flow gap on March 31, 2017

Accounts	Financial assets	Payment period: Prevailing Period	Less than 3 months	3 ~12 months	1~5 years	Over 5 years	Total
111100	Cash and cash equivalents	$ 1,425,395	$ 2,291,300	$ 1,076,940	$ -	$ -	$ 4,793,635
112000	Financial assets at fair value through profit or loss-current	255,792	-	-	-	-	255,792
113400	Available-for-sale financial assets-current	407,889	-	-	-	-	407,889
114070	Margin deposits	47,857,007	-	-	-	-	47,857,007
114080	Futures trading margin receivable	241	-	-	-	-	241
114130	Accounts receivable	-	3,294	-	-	-	3,294
114140	Accounts receivable-related parties	-	3,854	-	-	-	3,854
114170	Other receivables	-	15,891	-	-	-	15,891
114180	Other receivables-related parties	-	7,460	-	-	-	7,460
114300	Leverage margin contract trading Client margin deposits	912	-	-	-	-	912
119990	Other current assets	-	507	-	-	-	507
123400	Available-for-sale financial assets-non-current	-	-	-	1,345,202	-	1,345,202
129010	Operating guarantee deposits	-	-	-	-	165,000	165,000
129020	Clearing and settlement funds	-	-	-	-	433,106	433,106
129030	Refundable deposits	-	-	-	18,754	-	18,754
	Subtotal	$49,947,236	$ 2,322,306	$ 1,076,940	$ 1,363,956	$ 598,106	$55,308,544
	Cash inflow	$49,947,236	$ 2,322,306	$ 1,076,940	$ 1,363,956	$ 598,106	$55,308,544
	Cash outflow	47,704,432	215,225	7,453	1,911	197	47,929,218
	The amount of capital gap	$ 2,242,804	$ 2,107,081	$ 1,069,487	$ 1,362,045	$ 597,909	$ 7,379,326

(8) 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: functional currency)	March 31, 2018		December 31, 2017		March 31, 2017	
Financial instrument	Foreign currency (in thousands)	Exchange rate	Foreign currency (in thousands)	Exchange rate	Foreign currency (in thousands)	Exchange rate
Financial assets						
Monetary items						
USD/NTD	$ 715,133	29.1050	$ 681,419	29.7600	$ 658,196	30.3300
JPY/NTD	793,074	0.2739	895,187	0.2642	1,411,322	0.2713
HKD/NTD	77,023	3.7080	67,017	3.8070	99,370	3.9040
EUR/NTD	13,390	35.8700	10,763	35.5700	11,747	32.4300
GBP/NTD	6,206	40.7900	3,297	40.1100	1,330	37.8200
AUD/NTD	6,564	22.3450	10,314	23.1850	9,068	23.2250
SGD/NTD	26	22.2100	23	22.2600	74	21.7100
CNY/NTD	82,836	4.6470	146,339	4.5650	49,713	4.4070
CHF/NTD	8	30.4950	8	30.4550	64	30.3050
USD/HKD	47,331	7.8488	44,390	7.8153	3,625	7.7690
CNY/HKD	7,147	1.2534	1,113	1.1990	-	-
EUR/HKD	6	9.6763	21	9.3439	2	8.3066
JPY/HKD	6,927	0.0739	1,285	0.0694	11	0.0695
USD/ CNY	7,215	6.6812	7,086	6.5421	810,194	6.6812
Financial liabilities						
Monetary items						
USD/NTD	711,639	29.1050	661,173	29.7600	642,429	30.3300
JPY/NTD	768,683	0.2739	869,339	0.2642	1,371,210	0.2713
HKD/NTD	72,004	3.7080	62,863	3.8070	93,622	3.9040
EUR/NTD	13,286	35.8700	10,710	35.5700	11,679	32.4300
GBP/NTD	6,197	40.7900	2,897	40.1100	975	37.8200
AUD/NTD	6,481	22.3450	10,049	23.1850	8,910	23.2250
SGD/NTD	25	22.2100	21	22.2600	70	21.7100
CNY/NTD	82,295	4.6470	97,338	4.5650	49,076	4.4070
CHF/NTD	-	-	-	-	58	30.3050
USD/HKD	36,872	7.8488	32,099	7.8153	-	-
CNY/HKD	3,418	1.2534	883	1.1990	-	-
EUR/HKD	(4)	9.6763	9	9.3439	-	-
JPY/HKD	6,886	0.0739	1,285	0.0694	-	-
USD/CNY	402	6.6812	-	-	474	6.6812

B. The total exchange gain (loss), including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Group for the three months ended March 31, 2018 and 2017 amounted to $4,469, and ($31,885), respectively.

(9) Effects on initial application of IFRS 9

A. Summaries of adopting significant accounting policies in the first quarter of 2018:

(A) 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 held for trading 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.

(B) Available-for-sale financial assets

a. Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

b. On a regular way purchase or sale basis, available-for-sale financial assets are recognised and derecognised using trade date accounting.

c. Available-for-sale financial assets are initially recognised at fair value plus transaction costs. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognised in other comprehensive income. The fair value of unlisted stocks without active market held by the Group is evaluated by the evaluation method.

(C) Impairment of financial assets

a. The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

b. The criteria that the Group uses to determine whether there is objective evidence of an impairment loss is as follows:

(a) Significant financial difficulty of the issuer or debtor;

(b) A breach of contract, such as a default or delinquency in interest or principal payments;

(c) The Group, for economic or legal reasons relating to the borrower's financial difficulty, granted the borrower a concession that a lender would not otherwise consider;

(d) It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;

(e) The disappearance of an active market for that financial asset because of financial difficulties;

(f) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial asset in the group, including adverse changes in the payment status of borrowers in the group or national or local economic conditions that correlate with defaults on the assets in the group;

(g) Information about significant changes with an adverse effect that have taken place in the technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered;

(h) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

c. When the Group assesses that there has been objective evidence of impairment and an impairment loss has occurred, accounting for impairment is made as follows according to the category of financial assets:

(a) Financial assets measured at amortised cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate, and is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortised cost that would have been at the date of reversal had the impairment loss not been recognised previously. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(b) Available-for-sale financial assets

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

(D)Derivative financial instruments and hedging activities

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

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

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

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

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B. The reconciliations of carrying amount of financial assets transferred from December 31, 2017, IAS 39, to January 1, IFRS 9, were as follows:

		Available-for-sale-equity						Effects	
	Measured at fair value through profit or loss	Measured at fair value through other comprehensive income-equity	Available-for-sale-bonds	Measured at amortised cost	Futures trading margin receivable	Total	Retained eanings	Other equity
December 31, 2017 (IAS 39)	$ 146,673	$ 1,463,806	$ 90,174	$ -	$ 241	$ 1,700,894	$ -	$ -
Transferred to measured at amortised cost	-	-	(90,033)	90,033	-	-	-	-
Fair value adjustment	-	-	(141)	-	-	(141)	-	(141)
Impairment loss adjustment	-	-	-	(76)	(241)	(317)	(317)	-
January 1, 2018 (IFRS 9)	$ 146,673	$ 1,463,806	$ -	$ 89,957	$ -	$ 1,700,436	($ 317)	($ 141)

(A) As initial application of IFRS 9, the Group reclassified debt instruments, which were classified as available-for-sale financial assets under IAS 39, in the amount of $90,174, as "financial assets of amortised cost", in the amount of $90,033, and decreased other equity interest in the amount of $141, since their cash flows met the condition that it is intended to settle the principal and interest on the outstanding principal balance.

(B) As initial application of IFRS 9, the Group reclassified equity instruments which were classified as available-for-sale financial assets under IAS 39, in the amount of $1,463,806, as "financial FVOCI (equity instruments) ", in the amount of $1,463,806, since they were not held for the purpose of trading,

C. The reconcilation of allowance for impairment and provision from December 31, 2017, as these are impaired under IAS 39, to January 1, 2018, as these are expected to be impaired under IFRS 9, are as follows:

	Measured at amortised cost	Future trading margin receivable	Other receivables	Total
December 31, 2017 (IAS 39)	$ -	$ -	$ -	$ -
Impairment loss adjustment	(76)	(241)	-	(317)
January 1, 2018 (IFRS 9)	($ 76)	($ 241)	$ -	($ 317)

D. If the financial assest were reclassified as "financial assets at amortised cost", the Group will recognise the loss on changes in fair value on other comprehensive income as follows:

Reclassfied as "financial assets at amortised cost"	March 31, 2018
From "Available-for-sale financial assets" (IAS 39)	
Fair value on March 31, 2018	$ 87,422
Loss on changes in fair value on other comprehensive income if the financial assest were not reclassified	(285)

E. Details of significant accounts on December 31, 2017 and March 31, 2017 are as follows:

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

	December 31, 2017	March 31, 2017
Financial assets held for trading		
Listed stocks	$ -	$ 23,548
Beneficiary certificates	9,556	140,971
Open-End fund and money market instruments	105,382	45,000
Non-hedging derivatives	27,506	41,717
Derivative assets –GreTai	-	7,585
Derivative assets – Leverage margin contract transactions	4,190	-
	146,634	258,821
Valuation adjustment	39	(3,029)
	$ 146,673	$ 255,792

	December 31, 2017	March 31, 2017
Financial liabilities held for trading		
Options	$ 329	$ 13,104
Security borrowing payable	7,049	-
Derivative Liabilities – Leverage margin contract transactions	71	-
	$ 7,449	$ 13,104

a. The Group recognized net gain of $72,421 on financial assets and liabilities held for trading for the three months ended March 31, 2017.

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

	December 31, 2017	March 31, 2017
Futures contracts	$ 27,315	$ 32,159
Options contracts	191	9,558
	$ 27,506	$ 41,717

c. Futures

The Group entered into futures contracts to earn the spread. As of December 31, 2017 and March 31, 2017, margin deposits for these contract were $351,466 and $646,578, respectively, with excess margin of $324,151 and $614,419 recognised in "cash and cash equivalents", respectively.

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

(B) Available-for-sale financial assets

	December 31, 2017	March 31, 2017
Current items:		
Listed stocks	$ 303,703	$ 437,344
Valuation adjustment of available-for-sale financial assets	(23,242)	(29,455)
Total	$ 280,461	$ 407,889

	December 31, 2017	March 31, 2017
Non-current items:		
Listed stocks	$ -	$ 41,255
Non-Listed stocks	221,132	221,132
Financial bonds	90,033	91,754
Subtotal	311,165	354,141
Valuation adjustment of available-for-sale financial assets	962,354	991,061
Total	$ 1,273,519	$ 1,345,202

The Group recognised $29,029 in other comprehensive income for fair value change and reclassified $0 from equity to profit or loss for the three months ended March 31, 2017.

F. Credit risk information for the year ended December 31, 2017 and the three months ended March 31, 2017 are as follows :

(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. Please refer to Note 20(6) for analysis of concentration and levels of credit risk.

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