YUANTA FUTURES CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

REVIEW REPORT OF INDEPENDENT

ACCOUNTANTS

SEPTEMBER 30, 2019 AND 2018

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REVIEW REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

PWCR19000116

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 September 30, 2019 and 2018, and the related consolidated statements of comprehensive income for the three-month and nine-month periods then ended, as well as the consolidated statements of changes in equity and of cash flows for the nine-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 Preparations of Financial Reports by Futures Commission Merchants", "Regulations Governing the Preparations of Financial Reports by Securities Firms" 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 September 30, 2019 and 2018, and of its consolidated financial performance for the three-month and nine-month periods then ended and its consolidated cash flows for the nine-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 Firms" and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission.

Lo, Chiao-Sen Lee, Hsiu-Ling

For and on behalf of PricewaterhouseCoopers, Taiwan

October 30, 2019

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 balance sheets as of September 30, 2019 and 2018 are reviewed, not audited)

	ASSETS	Notes	September 30, 2019 AMOUNT	%	December 31, 2018 AMOUNT	%	September 30, 2018 AMOUNT	%
	Current assets							
111100	Cash and cash equivalents	6(1) and 7	$ 5,309,900	7	$ 5,291,562	7	$ 4,787,266	7
112000	Financial assets at fair value through profit or loss - current	6(2), 7 and 11	289,786	1	244,675	1	280,364	1
113200	Financial assets at fair value through other comprehensive income - current	6(5)	184,517	-	155,525	-	217,887	-
113300	Financial assets at amortised cost - current	6(6)	62,056	-	-	-	-	-
114070	Margin deposits	6(3) and 7	66,221,445	88	64,540,616	88	58,267,809	88
114080	Futures trading margin receivable	6(4)	364	-	1,022	-	-	-
114100	Security lending deposits	7	52,179	-	-	-	27,022	-
114130	Accounts receivable		68,608	-	2,960	-	35,730	-
114140	Accounts receivable - related parties	7	2,563	-	4,033	-	3,730	-
114150	Prepayments		12,018	-	6,343	-	12,765	-
114170	Other receivables		87,071	-	27,919	-	22,765	-
114180	Other receivables - related parties	7	18,122	-	15,135	-	41,790	-
114300	Leverage margin contract trading client margin deposits	7	222,244	-	126,850	-	79,562	-
114600	Current income tax assets		341	-	341	-	341	-
119000	Other current assets		28	-	23	-	8	-
110000	**Subtotal current assets**		72,531,242	96	70,417,004	96	63,777,039	96
	Non-current assets							
123200	Financial assets at fair value through other comprehensive income - non-current	6(5)	1,529,871	2	1,404,019	2	1,370,777	2
123300	Financial assets at amortised cost - non-current	6(6)	-	-	92,333	-	91,858	-
125000	Property and equipment	6(9)	593,464	1	612,943	1	565,791	1
125800	Right-of-use assets	6(10)	38,230	-	-	-	-	-
127000	Intangible assets	6(11)	40,997	-	42,832	-	41,874	-
128000	Deferred income tax assets		23,901	-	23,995	-	13,281	-
129010	Operating guarantee deposits	6(7), 7 and 8	145,938	-	145,886	-	145,857	-
129020	Clearing and settlement funds	6(8)	536,576	1	492,788	1	488,534	1
129030	Refundable deposits	7	38,359	-	38,323	-	38,293	-
129130	Prepayment for equipment		66,646	-	21,300	-	27,132	-
129990	Other non-current assets - Other		2,068	-	431	-	-	-
120000	**Subtotal non-current assets**		3,016,050	4	2,874,850	4	2,783,397	4
906001	**Total assets**		$ 75,547,292	100	$ 73,291,854	100	$ 66,560,436	100

(Continued)

YUANTA FUTURES CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of September 30, 2019 and 2018 are reviewed, not audited)

	LIABILITIES AND EQUITY	Notes	September 30, 2019 AMOUNT	%	December 31, 2018 AMOUNT	%	September 30, 2018 AMOUNT	%
	Current liabilities							
212000	Financial liabilities at fair value through profit or loss - current	6(2) and 11	$ 70,226	-	$ 20,089	-	$ 37,540	-
214080	Futures traders' equity	6(3) and 7	65,936,223	88	64,332,759	88	58,021,545	87
214100	Leverage margin contract transaction traders' equity		182,482	-	103,735	-	81,113	-
214130	Accounts payable		85,231	-	123,995	-	114,055	-
214140	Accounts payable - related parties	7	11,825	-	18,993	-	18,452	-
214160	Collection for third parties		7,658	-	7,179	-	9,515	-
214170	Other payables		211,974	1	205,909	1	169,149	1
214180	Other payables - related parties	7	512	-	923	-	348	-
216000	Lease liabilities - current		24,149	-	-	-	-	-
214600	Current income tax liabilities		156,484	-	150,338	-	83,093	-
219000	Other current liabilities		157,690	-	24,182	-	63,447	-
210000	**Subtotal current liabilities**		66,844,454	89	64,988,102	89	58,598,257	88
	Non-current liabilities							
226000	Lease liabilities - non-current		14,229	-	-	-	-	-
229000	Other non-current liabilities	6(12)	74,202	-	83,202	-	68,603	-
220000	**Subtotal non-current liabilities**		88,431	-	83,202	-	68,603	-
906003	**Total liabilities**		66,932,885	89	65,071,304	89	58,666,860	88
	Equity attributable to owners of the parent company							
	Capital							
301010	Common stock	6(13)	2,322,763	3	2,322,763	3	2,322,763	4
	Additional paid-in capital							
302000	Capital surplus	6(14)	940,976	1	940,976	1	940,976	1
	Retained earnings							
304010	Legal reserve	6(16)	907,430	1	807,426	1	807,426	1
304020	Special reserve	6(15)(16)	2,074,901	3	1,875,370	3	1,875,370	3
304040	Undistributed earnings	6(16)	1,062,837	1	1,093,522	1	846,024	1
	Other equity							
305000	Other equity interest	6(17)	1,305,500	2	1,180,493	2	1,101,017	2
906004	**Total equity**		8,614,407	11	8,220,550	11	7,893,576	12
906002	**Total liabilities and equity**		$ 75,547,292	100	$ 73,291,854	100	$ 66,560,436	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 amounts)
(UNAUDITED)

			Three months ended September 30				Nine months ended September 30			
			2019		2018		2019		2018	
	Items	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
	Revenues									
401000	Brokerage	6(18) and 7	$ 694,935	96	$ 837,013	97	$ 2,094,134	94	$ 2,486,891	94
410000	Gain (loss) on trading of securities	6(2)(19)	1,798	-	(3,975)	-	2,899	-	(5,255)	-
421300	Dividend income	6(2)	4,765	1	1,407	-	4,765	-	1,492	-
421500	Gain (loss) on valuation of trading securities	6(2)	(367)	-	2,871	-	2,753	-	2,012	-
421600	Gains (losses) on covering of borrowed securities and bonds with resale agreements-short sales	6(2)	(4,006)	(1)	10,428	1	(5,390)	-	9,051	1
421610	Valuation (losses) gains on borrowed securities and bonds with resale agreements-short sales at fair value through profit or loss	6(2)	(2,752)	-	223	-	(2,753)	-	(305)	-
424200	Securities commission revenue	7	848	-	1,098	-	2,586	-	3,546	-
424300	Clearance fee from consignation	6(20) and 7	18,025	3	19,511	2	52,765	2	60,274	2
424400	Net gain on derivative financial instruments	6(2)(21)	3,545	1	(4,182)	-	62,877	3	61,031	2
424900	Futures advisory revenues		2,594	-	2,710	-	8,132	-	9,277	1
425100	Losses arising from derecognition of financial assets measured at amortised cost		(8)	-	-	-	(8)	-	-	-
428000	Other operating revenues	7	1,682	-	1,301	-	10,203	1	8,753	-
400000	**Total revenues**		721,059	100	868,405	100	2,232,963	100	2,636,767	100
	Costs and expenses									
501000	Brokerage fee	6(22)	(117,652)	(16)	(149,225)	(17)	(356,891)	(16)	(443,920)	(17)
502000	Dealer handling fee	6(22)	(1,970)	-	(1,543)	-	(3,991)	-	(4,698)	-
521200	Interest expense	7	(20,368)	(3)	(12,413)	(2)	(66,604)	(3)	(35,782)	(2)
425300	Expected credit impairment losses and reversal gains		656	-	4,578	-	2,761	-	(99,084)	(4)
524100	Futures commission	6(23) and 7	(156,188)	(22)	(210,508)	(24)	(492,378)	(22)	(562,083)	(21)
524300	Clearance fee	6(24)	(93,676)	(13)	(116,140)	(13)	(281,868)	(13)	(347,686)	(13)
528000	Other operating fee		(294)	-	(485)	-	(850)	-	(2,625)	-
531000	Employee benefit expense	6(26)	(175,907)	(24)	(147,262)	(17)	(526,482)	(23)	(451,556)	(17)
532000	Depreciation and amortization	6(25)	(21,848)	(3)	(11,957)	(1)	(64,671)	(3)	(35,777)	(1)
533000	Other operating expenses	6(25) and 7	(104,463)	(15)	(132,066)	(15)	(327,852)	(15)	(384,507)	(15)
500000	**Total costs and expenses**		(691,710)	(96)	(777,021)	(89)	(2,118,826)	(95)	(2,367,718)	(90)
	Operating income		29,349	4	91,384	11	114,137	5	269,049	10
602000	Other gains and losses	6(2)(27) and 7	341,293	47	201,898	23	1,004,693	45	586,572	22
902001	**Income before income tax**		370,642	51	293,282	34	1,118,830	50	855,621	32
701000	Income tax expense	6(28)	(57,499)	(8)	(40,300)	(5)	(214,963)	(9)	(170,037)	(6)
902005	**Net income**		$ 313,143	43	$ 252,982	29	$ 903,867	41	$ 685,584	26

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

			Three months ended September 30				Nine months ended September 30			
			2019		2018		2019		2018	
	Items	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
	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)(17)	$ 42,781	6	$ 69,163	8	$ 134,819	6	$ 186,461	7
	Items that may be reclassified to profit or loss subsequently									
805610	Translation gain and loss on the financial statements of foreign operating entities	6(17)	(10,025)	(1)	(1,228)	-	5,544	-	18,957	1
805000	**Total other comprehensive income (net of tax)**		$ 32,756	5	$ 67,935	8	$ 140,363	6	$ 205,418	8
902006	**Total comprehensive income**		$ 345,899	48	$ 320,917	37	$ 1,044,230	47	$ 891,002	34
	Consolidated net income attributable to:									
	Owners of the parent		$ 313,143	44	$ 252,982	29	$ 903,867	41	$ 685,584	26
	Consolidated comprehensive income attributable to:									
	Owners of the parent		$ 345,899	48	$ 320,917	37	$ 1,044,230	47	$ 891,002	34
	Earnings per share (in New Taiwan Dollars)									
	Basic and diluted earnings per share	6(29)	$ 1.35		$ 1.09		$ 3.89		$ 2.95	

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 nine months ended September 30, 2018											
Balance, January 1, 2018		$ 2,322,763	$ 894,643	$ 46,333	$ 720,097	$ 1,696,347	$ 875,462	($ 27,276)	$ -	$ 939,216	$ 7,467,585
Effect of adopting IFRS 9 retrospectively		-	-	-	-	-	(317)	104	938,971	(939,216)	(458)
Balance, January 1, 2018 after adjustments	6(17)	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		-	-	-	-	-	685,584	-	-	-	685,584
Other comprehensive income for the period	6(5)(17)	-	-	-	-	-	-	18,957	186,461	-	205,418
Total comprehensive income		-	-	-	-	-	685,584	18,957	186,461	-	891,002
Appropriations of 2017 earnings:	6(16)										
Legal reserve		-	-	-	87,329	-	(87,329)	-	-	-	-
Special reserve		-	-	-	-	179,023	(179,023)	-	-	-	-
Cash dividends		-	-	-	-	-	(464,553)	-	-	-	(464,553)
Disposal of equity instrument investment measured at fair value through other comprehensive income	6(5)(17)	-	-	-	-	-	16,200	-	(16,200)	-	-
Balance, September 30, 2018		$ 2,322,763	$ 894,643	$ 46,333	$ 807,426	$ 1,875,370	$ 846,024	($ 8,215)	$ 1,109,232	$ -	$ 7,893,576
For the nine months ended September 30, 2019											
Balance, January 1, 2019		$ 2,322,763	$ 894,643	$ 46,333	$ 807,426	$ 1,875,370	$ 1,093,522	($ 1,718)	$ 1,182,211	$ -	$ 8,220,550
Net income for the period		-	-	-	-	-	903,867	-	-	-	903,867
Other comprehensive income for the period	6(5)(17)	-	-	-	-	-	-	5,544	134,819	-	140,363
Total comprehensive income		-	-	-	-	-	903,867	5,544	134,819	-	1,044,230
Appropriations of 2018 earnings:	6(16)										
Legal reserve		-	-	-	100,004	-	(100,004)	-	-	-	-
Special reserve		-	-	-	-	199,531	(199,531)	-	-	-	-
Cash dividends		-	-	-	-	-	(650,373)	-	-	-	(650,373)
Disposal of equity instrument investment measured at fair value through other comprehensive income	6(5)(17)	-	-	-	-	-	15,356	-	(15,356)	-	-
Balance, September 30, 2019		$ 2,322,763	$ 894,643	$ 46,333	$ 907,430	$ 2,074,901	$ 1,062,837	$ 3,826	$ 1,301,674	$ -	$ 8,614,407

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 nine months ended September 30, 2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 1,118,830	$ 855,621
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(9)(10)(25)	57,329	30,802
Amortization	6(11)(25)	7,342	4,975
Interest income	6(27)	(838,299)	(464,202)
Interest expense		66,604	35,782
Dividend income	6(27)	(117,530)	(74,360)
Expected credit impairment losses and reversal gains		(2,761)	99,084
Gain on disposal of property and equipment		(92)	-
Loss on disposal of financial assets at amortised cost		8	-
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss - current		(45,111)	(133,691)
Margin deposits		(1,680,829)	(8,624,945)
Futures trading margin receivable		3,404	(99,107)
Security lending deposits		(52,179)	(20,892)
Accounts receivable		(65,648)	(24,289)
Accounts receivable - related parties		1,470	1,098
Prepayments		(5,675)	(4,886)
Other receivables		(36,765)	(238)
Other receivables - related parties		75	(33,202)
Leverage margin contract trading client margin deposits		(95,394)	(34,190)
Other current assets		(5)	5
Other non-current assets - Other		(1,637)	-
Changes in operating liabilities			
Financial liabilities at fair value through profit or loss - current		50,137	30,091
Futures traders' equity		1,603,464	8,588,884
Leverage margin contract transaction traders' equity		78,747	36,300
Accounts payable		(38,764)	(14,156)
Accounts payable - related parties		(7,168)	(6,202)
Collection for third parties		479	3,786
Other payables		(167)	(42,557)
Other payables-related parties		(403)	(550)
Other financial liabilities - current		-	(500)
Other current liabilities		133,508	40,104
Other non-current liabilities		(9,000)	(1,441)
Cash inflow generated from operations		123,970	147,124
Interest received		816,302	457,436
Interest paid		(60,380)	(28,063)
Dividend received		113,810	74,166
Income tax paid		(208,723)	(145,918)
Net cash flows from operating activities		784,979	504,745
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through other comprehensive income		(1,064,284)	(141,602)
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(5)	1,044,259	203,205
Acquisition of financial assets at amortised cost		(31,141)	-
Proceeds from disposal of financial assets at amortised cost		31,133	-
Proceeds from repayments of financial assets at amortised cost		31,541	-
Acquisition of property and equipment	6(9)	(18,724)	(11,368)
Proceeds from disposal of property and equipment		382	-
Increase in intangible assets	6(11)	(1,215)	(2,367)
(Increase) decrease in operating guarantee deposits		(52)	1,311
Increase in clearing and settlement funds		(43,788)	(45,965)
Increase in refundable deposits		(36)	(15,470)
Increase in prepayment for equipment		(50,026)	(33,593)
Net cash flows used in investing activities		(101,951)	(45,849)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease liabilities principal paid		(18,679)	-
Payment of cash dividends	6(16)	(650,373)	(464,553)
Net cash flows used in financing activities		(669,052)	(464,553)
Effect of change in foreign exchange rates		4,362	16,360
Net increase in cash and cash equivalents		18,338	10,703
Cash and cash equivalents at beginning of period		5,291,562	4,776,563
Cash and cash equivalents at end of period		$ 5,309,900	$ 4,787,266

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

YUANTA FUTURES CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

(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, leverage transaction merchant, and a variety of futures related businesses approved by the competent authority. On August 14, 2017, with permission from the competent authority, the Group ceased engaging in futures business management. As of September 30, 2019, the Company had 4 branches.

(3) As of September 30, 2019 and 2018, the Group had 420 and 397 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 October 30, 2019.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

New standards, interpretations and amendments endorsed by the FSC effective from 2019 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9, ‘Prepayment features with negative compensation’	January 1, 2019
IFRS 16, ‘Leases’	January 1, 2019
Amendments to IAS 19, ‘Plan amendment, curtailment or settlement’	January 1, 2019
Amendments to IAS 28, ‘Long-term interests in associates and joint ventures’	January 1, 2019
IFRIC 23, ‘Uncertainty over income tax treatments’	January 1, 2019
Annual improvements to IFRSs 2015-2017 cycle	January 1, 2019

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

IFRS 16, ‘Leases’

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

B. The Group has elected to apply IFRS 16 by not restating the comparative information (referred herein as the ‘modified retrospective approach’) when applying “IFRSs” effective in 2019 as endorsed by the FSC. Accordingly, the Group increased ‘right-of-use asset’ and ‘lease liability’ both by $57,259 on January 1, 2019.

C. The Group has used the following practical expedients permitted by the standard at the date of initial application of IFRS 16:

(A)Reassessment as to whether a contract is, or contains, a lease is not required, instead, the application of IFRS 16 depends on whether or not the contracts were previously identified as leases applying IAS 17 and IFRIC 4.

(B)The accounting for operating leases whose period will end before December 31, 2019 as short-term leases and accordingly, rent expense of $9,678 was recognised for the nine months ended September 30, 2019.

(C)The exclusion of initial direct costs for the measurement of ‘right-of-use asset’.

(D)The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

D. The Group calculated the present value of lease liabilities by using the weighted average incremental borrowing interest rate range from 0.78% to 0.92%.

E. The Group recognised lease liabilities which had previously been classified as ‘operating leases’ under the principles of IAS 17, ‘Leases’. The reconciliation between operating lease commitments under IAS 17 measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate and lease liabilities recognised as of January 1, 2019 is as follows:

Operating lease commitments disclosed by applying IAS 17 as at December 31, 2018	$	68,695
Add: Lease payable recognised under finance lease by applying IAS 17 as at December 31, 2018		-
Less: Short-term leases	(	10,518)
Add: Lease contracts previously identified as service agreements		-
Less: Contracts reassessed as service agreements	(	464)
Add/Less: Adjustments as a result of a different treatment of extension and termination options		-
Add/Less: Adjustments relating to changes in the index or rate affecting variable lease payments		-
Total lease contracts amount recognised as lease liabilities by applying IFRS 16 on January 1, 2019		57,713
Incremental borrowing interest rate at the date of initial application		0.78~0.92%
Lease liabilities recognised as at January 1, 2019 by applying IFRS 16	$	57,259

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1 and IAS 8, 'Disclosure Initiative-Definition of Material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by International Accounting Standards Board
IFRS 17, ‘Insurance contracts’	January 1, 2021

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants”, “Regulations Governing the Preparation of Financial Reports by Securities Firms”, and the International Accounting Standard 34, “Interim financial reporting” as endorsed by the FSC.

(2) Basis of preparation

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

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

(B)Financial assets at fair value through other comprehensive income.

(C)Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(A)All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(B) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

B. Subsidiaries included in the consolidated financial statements:

			Ownership (%)			
Name of investor	Name of subsidiary	Main business activities	September 30, 2019	Note	December 31, 2018	Note
The Company	Yuanta Futures (Hong Kong) Limited	Financial services	100		100	Note 1
The Company	SYF Information Limited	Information technology services	100		100	
SYF Information Limited	SYF Information (Samoa) Limited	Investment holding	100		100	
SYF Information (Samoa) Limited	SYF Information (Shanghai) Limited	Information technology services	100		100	

			Ownership (%)	
Name of investor	Name of subsidiary	Main business activities	September 30, 2018	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	
SYF Information (Samoa) Limited	SYF Information (Shanghai) Limited	Information technology services	100	

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

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

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

E. Significant restrictions: None.

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

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

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

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

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

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

B. Translation of foreign operations

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

(A) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that consolidated balance sheet;

(B) Income and expenses for each consolidated statement of comprehensive income are translated at average exchange rates of that period; and

(C) All resulting exchange differences are recognised in other comprehensive income.

(5) Classification of current and non-current items

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

(A) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(B) Assets held mainly for trading purposes;

(C) Assets that are expected to be realised within twelve months from the balance sheet date;

(D) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

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

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

(B)Liabilities arising mainly from trading activities;

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

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

(6) Cash and cash equivalents

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

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

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

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

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

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

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

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

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

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

The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(9) Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

(A)The objective of the Group's business model is achieved by collecting contractual cash flows.

(B)The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

(10) Margin deposits

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

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

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

(12) Leverage margin contract trading client margin deposits

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

(13) Leverage margin contract transaction traders' equity

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

(14) Accounts receivable

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

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

(15) Impairment of financial assets

For financial assets at amortised cost, margin deposit, futures trading margin receivables, Security borrowing deposits, accounts receivable, other receivables, leverage margin deposit, operation guarantee deposits, clearing and settlement fund, and refundable deposits, at each reporting date, the

Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts.

(16) Derecognition of financial assets

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

(17) Property and equipment

A. Property and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Equipment applies cost model and is depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, ''Accounting Policies, Changes in Accounting Estimates and Errors'', from the date of the change. The estimated useful lives of various fixed assets are 3~6 years except for buildings, which have useful lives from 10~60 years.

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

Effective 2019

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:

(A) Fixed payments, less any lease incentives receivable; and

(B) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

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

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(A) The amount of the initial measurement of lease liability;

(B) Any lease payments made at or before the commencement date; and

(C) Any initial direct costs incurred by the lessee.

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

(19) Leased assets/ leases (lessee)

Effective 2018

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

(20) Intangible assets

A. Membership in a foreign Futures Exchange

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

B. Computer software

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

(21) Impairment of non-financial assets

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

B. The recoverable amounts of intangible assets with an indefinite useful life shall be evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

(22) Derivative financial instruments and non-hedging activities

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

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

A. Financial liabilities are classified in this 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. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(24) Derecognition of financial liabilities

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

(25) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(A)Defined contribution plans

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

(B)Defined benefit plans

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

b. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

c. 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.

(26) <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 tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

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

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

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

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.

(27) Dividends

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

(28) Revenue recognition

A. Brokerage fee income: Service fee income that is generated from futures merchants exercising futures transaction is recognized on the date of settlement.

B. Security commission revenue: Commission revenues that are generated from the operation of securities introducing broker business by futures commission merchants. These income are recognised on an accrual basis under the agreed terms.

C. Entrusted clearing settlement service fee: Service fee income that is generated by future merchants who has the qualification of clearing membership while exercising clearing settlement transaction is recognised on the date of futures transaction.

D. Derivative instrument net income

(A)Futures contract gains or losses: The margin of futures trading is recognized at cost and measured through mark-to-market accounting. The gains or losses from mark-to-market, reversed futures trading or settled contracts are recognized as gains or losses in the current period.

(B)Options trading: The deposit of options trading is recognized at cost and assessed monthly through mark-to-market valuation before the obligation is fulfilled. Any gain and loss occurring due to the option exercise is recognized as gain and loss in the period.

E. Futures management fees revenues, supervisory income and brokerage income: These incomes are recognized on an accrual basis under the agreed terms.

F. Interest income: All of the interest income of financial instruments are calculated using the effective interest rate.

(29) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker. The Chief Operating Decision-Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

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

The preparation of the consolidated financial statements requires management to make critical judgements in applying the Group’s accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

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

The impairment assessment of the Group’s futures trading margin receivable is based on subjective judgements, including whether there has been significant increase in credit risk since initial recognition and loss rates calculated from historical data. Therefore, the Group periodically examines the appropriateness of its estimates. Please refer to Note 20(6) for more information.

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

The fair value of unlisted stocks held by the Group that are not traded in an active market is determined by the market approach. The approach is taken with assumptions relating to the determination of comparable companies and employing those companies' latest price to earnings ratio multiples as basis of pricing estimation along with discounts of marketability consideration. Any changes in these judgements and estimates will impact the fair value measurement of these unlisted stocks. Please refer to Note 20(3) for the financial instruments fair value information.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	September 30, 2019	December 31, 2018	September 30, 2018
Petty cash	$ 109	$ 109	$ 108
Cash in bank			
Checking deposits	24	36	3,103
Demand deposits	232,495	200,336	192,006
Time deposits	3,898,751	4,455,415	3,797,676
Subtotal	4,131,379	4,655,896	3,992,893
Excess futures margin deposits	272,140	290,131	375,058
Excess margin in foreign exchange margin trading	50,220	16,514	14,554
Commercial paper (expiring within three months)	856,161	329,021	404,761
	$ 5,309,900	$ 5,291,562	$ 4,787,266

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.

(Blank)

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

	September 30, 2019	December 31, 2018	September 30, 2018
Financial assets mandatorily measured at fair value through profit or loss			
Listed stocks	$ 37,869	$ 13,575	$ 126,348
Beneficiary certificates	93,854	20,000	50,000
Open-End fund	62,028	46,445	27,447
Futures contracts - non-hedging	61,421	132,268	62,733
Options contracts - non-hedging	15,610	25,103	11,401
Leverage margin contract transactions - non-hedging	16,189	8,145	6,860
	286,971	245,536	284,789
Valuation adjustment	2,815	(861)	(4,425)
	$ 289,786	$ 244,675	$ 280,364

	September 30, 2019	December 31, 2018	September 30, 2018
Financial liabilities held for trading			
Options - non-hedging	$ 9,083	$ 20,089	$ 7,660
Security borrowing payable - non-hedging	61,143	-	29,880
	$ 70,226	$ 20,089	$ 37,540

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

	For the three months ended September 30,	
	2019	2018
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	$ 6,196	$ 302
Beneficiary certificates	91	(6,409)
Call (put) warrants	-	1
Open-End fund	413	2,537
Non-hedging derivatives	59,621	3,950
Total	$ 66,321	$ 381

	For the nine months ended September 30,	
	2019	2018
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	$ 10,417	($ 1,751)
Beneficiary certificates	363	(1,069)
Call (put) warrants	-	-
Open-End fund	867	(380)
Non-hedging derivatives	222,265	86,141
Total	$ 233,912	$ 82,941

	For the three months ended September 30,	
	2019	2018
Financial liabilities held for trading		
Options - non-hedging	($ 55,058)	($ 8,132)
Security borrowing payable - non-hedging	(6,758)	10,651
Leverage margin contract transactions - non-hedging	(1,018)	-
Total	($ 62,834)	$ 2,519

	For the nine months ended September 30,	
	2019	2018
Financial liabilities held for trading		
Options - non-hedging	($ 158,204)	($ 25,214)
Security borrowing payable - non-hedging	(8,143)	8,746
Leverage margin contract transactions - non-hedging	(1,184)	104
Total	($ 167,531)	($ 16,364)

For the three months and nine months ended September 30, 2019 and 2018, the above mentioned amounts recognized in profit or loss in relation to financial assets and liabilities at fair value through profit or loss are recognized in gain (loss) on trading of securities, dividend income, gain (loss) on valuation of trading securities, gains (losses) on covering of borrowed securities and bonds with resale agreements-short sales, valuation (losses) gains on borrowed securities and bonds with resale agreements-short sales at fair value through profit or loss, net gain on derivative instruments and other gains and losses.

B. Futures

The Group entered into futures contracts to earn the spread. As of September 30, 2019, December 31, 2018 and September 30, 2018, margin deposits for the contract was $333,561, $422,399 and $437,791, respectively, with excess margin of $272,140, $290,131 and $375,058, respectively, recognized in "cash and cash equivalents".

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

(3) Margin deposits /Futures traders' equity

	September 30, 2019	December 31, 2018	September 30, 2018
Margin deposits by customers:			
Cash in banks	$ 50,584,654	$ 46,847,577	$ 44,875,402
Clearing house	6,551,010	7,494,673	4,940,198
Other futures commission merchants	9,085,781	10,198,366	8,452,209
Total	66,221,445	64,540,616	58,267,809
Gain: Others	537	1	-
Less: Fees and interest revenue pending for transfer	(97,906)	(176,480)	(160,881)
Futures exchange tax pending for transfer	(3,894)	(4,392)	(5,651)
Temporary receipts	(3,569)	(6,785)	(5,770)
Others	(180,390)	(20,201)	(73,962)
Futures traders' equity	$ 65,936,223	$ 64,332,759	$ 58,021,545

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

B. As at September 30, 2019, December 31, 2018 and September 30, 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 $66,221,445, $64,540,616 and $58,267,809, respectively.

(4) Futures trading margin receivable

	September 30, 2019	December 31, 2018	September 30, 2018
Futures trading margin receivable	$ 86,754	$ 90,158	$ 99,348
Less: Allowance for uncollectible accounts	(86,390)	(89,136)	(99,348)
	$ 364	$ 1,022	$ -

A. Information relating to credit risk of futures trading margin receivable is provided in Note 20(6).

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

	September 30, 2019	December 31, 2018	September 30, 2018
Up to 30 days	$ 364	$ -	$ -
31-90 days	-	3,348	-
91-180 days	-	-	99,107
Over 181 days	86,390	86,810	241
	$ 86,754	$ 90,158	$ 99,348

The above ageing analysis was based on posting date.

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

	September 30, 2019	December 31, 2018	September 30, 2018
Current items:			
Equity instrument			
Listed stocks	$ 191,582	$ 156,200	$ 258,299
Valuation adjustment	(7,065)	(675)	(40,412)
Total	$ 184,517	$ 155,525	$ 217,887
Non-current items:			
Equity instrument			
Non-Listed stocks	$ 221,132	$ 221,132	$ 221,132
Valuation adjustment	1,308,739	1,182,887	1,149,645
Total	$ 1,529,871	$ 1,404,019	$ 1,370,777

A. The Group has elected to classify stock investments that are considered to be strategic investments and earning steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $1,714,388, $1,559,544 and $1,588,664 as at September 30, 2019, December 31, 2018 and September 30, 2018, respectively.

B. For the three months and nine months ended September 30, 2019 and 2018, to avoid systemic risks due to market interference and uncertainties, the Group sold $896,395, $165,506, $1,044,259 and $203,338, respectively, of listed stocks at fair value and resulted in cumulative gains (losses) on disposal of $5,717, ($11,729), $15,356 and $16,200, respectively.

C. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	For the three months ended September 30,	
	2019	2018
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income	$ 42,781	$ 69,163
Cumulative gains (loss) reclassified to retained earnings due to derecognition	($ 5,717)	$ 11,729
Dividend income recognised in profit or loss		
Held at end of period	$ 12,823	$ 9,059
Derecognized during the period	32,946	3,100
	$ 45,769	$ 12,159

	For the nine months ended September 30,	
	2019	2018
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income	$ 134,819	$ 186,461
Cumulative gains reclassified to retained earnings due to derecognition	($ 15,356)	($ 16,200)
Dividend income recognised in profit or loss		
Held at end of period	$ 76,995	$ 68,179
Derecognized during the period	34,546	3,100
	$ 111,541	$ 71,279

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

(6) Financial assets at amortised cost

	September 30, 2019	December 31, 2018	September 30, 2018
Current items:			
Financial bonds	$ 62,094	$ -	$ -
Less: Accumulated impairment	(38)	-	-
Total	$ 62,056	$ -	$ -
Non-current items:			
Financial bonds	$ -	$ 92,386	$ 91,911
Less: Accumulated impairment	-	(53)	(53)
Total	$ -	$ 92,333	$ 91,858

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

	For the three months ended September 30,	
	2019	2018
Interest income	$ 757	$ 732
Reversal of impairment loss	36	-
Loss on disposal	(8)	-
	$ 785	$ 732

	For the nine months ended September 30,	
	2019	2018
Interest income	$ 2,200	$ 2,135
Reversal of impairment loss	15	23
Loss on disposal	(8)	-
	$ 2,207	$ 2,158

B. For the nine months ended September 30, 2019, the Group sold financial bonds which were interfered by market uncertainties with losses on disposal amounting to ($8). For the nine months ended September 30, 2018, no financial assets at amortised cost were sold by the Group.

C. As at September 30, 2019, December 31, 2018 and September 30, 2018, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was $62,056, $92,333 and $91,858, respectively.

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

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

(7) Operating guarantee deposits

The Company's annual interest rates on operating guarantee deposits that were provided as time deposits maturing within one-year with Yuanta Bank as of September 30, 2019, December 31, 2018 and September 30, 2018 were all 1.035%. As at September 30, 2019, December 31, 2018 and September 30, 2018, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the operating guarantee deposits held by the Group was $145,938, $145,886 and $145,857, respectively.

(8) Clearing and settlement funds

As at September 30, 2019, December 31, 2018 and September 30, 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 $536,576, $492,788 and $488,534, respectively.

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(9) Property and equipment

	2019				
	Land	Buildings	Equipment	Leasehold improvements	Total
At January 1,					
Cost	$ 410,992	$ 71,577	$ 189,186	$ 48,592	$ 720,347
Accumulated depreciation	-	(5,396)	(76,607)	(25,401)	(107,404)
	$ 410,992	$ 66,181	$ 112,579	$ 23,191	$ 612,943
Opening net book amount at January 1,	$ 410,992	$ 66,181	$ 112,579	$ 23,191	$ 612,943
Additions	-	-	18,275	449	18,724
Reclassifications	-	-	390	-	390
Disposals (cost)	-	-	(25,164)	(17,104)	(42,268)
Disposals (accumulated depreciation)	-	-	24,874	17,104	41,978
Depreciation expense	-	(2,556)	(30,398)	(5,541)	(38,495)
Net exchange differences	-	-	63	129	192
Closing net book amount at September 30,	$ 410,992	$ 63,625	$ 100,619	$ 18,228	$ 593,464
At September 30,					
Cost	$ 410,992	$ 71,577	$ 182,721	$ 32,112	$ 697,402
Accumulated depreciation	-	(7,952)	(82,102)	(13,884)	(103,938)
	$ 410,992	$ 63,625	$ 100,619	$ 18,228	$ 593,464

	2018				
	Land	Buildings	Equipment	Leasehold improvements	Total
At January 1,					
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
Opening net book amount at January 1,	$ 410,992	$ 69,589	$ 74,264	$ 21,997	$ 576,842
Additions	-	-	11,237	131	11,368
Reclassifications	-	-	7,900	-	7,900
Disposals (cost)	-	-	(22,264)	(1,935)	(24,199)
Disposals (accumulated depreciation)	-	-	22,264	1,935	24,199
Depreciation expense	-	(2,557)	(21,973)	(6,272)	(30,802)
Net exchange differences	-	-	155	328	483
Closing net book amount at September 30,	$ 410,992	$ 67,032	$ 71,583	$ 16,184	$ 565,791
At September 30,					
Cost	$ 410,992	$ 71,577	$ 138,981	$ 39,567	$ 661,117
Accumulated depreciation	-	(4,545)	(67,398)	(23,383)	(95,326)
	$ 410,992	$ 67,032	$ 71,583	$ 16,184	$ 565,791

(10) Leasing arrangements－lessee

Effective 2019

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

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

	September 30, 2019	For the three months ended September 30, 2019	For the nine months ended September 30, 2019
	Carrying amount	Depreciation charge	Depreciation charge
Buildings	$ 38,230	$ 6,271	$ 18,834

C. For the nine months ended September 30, 2019, there were no additions to right-of-use assets.

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

	For the three months ended September 30, 2019	For the nine months ended September 30, 2019
Items affecting profit or loss		
Interest expense on lease liabilities	$ 87	$ 302
Expense on short-term lease contracts	3,377	9,678

E. For the nine months ended September 30, 2019, the Group's total cash outflow for leases was $28,659.

F. Extension and termination options

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

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(11) Intangible assets

	2019		
	Membership in a foreign Futures Exchange	Others	Total
At January 1,			
Cost	$ 24,125	$ 39,499	$ 63,624
Accumulated amortisation	-	(20,792)	(20,792)
	$ 24,125	$ 18,707	$ 42,832
Opening net book amount at January 1,	$ 24,125	$ 18,707	$ 42,832
Additions	-	1,215	1,215
Reclassifications	-	4,290	4,290
Disposals (cost)	-	(1,947)	(1,947)
Disposals (accumulated amortisation)	-	1,947	1,947
Amortisation expense	-	(7,342)	(7,342)
Net exchange differences	-	2	2
Closing net book amount at September 30,	$ 24,125	$ 16,872	$ 40,997
At September 30,			
Cost	$ 24,125	$ 43,059	$ 67,184
Accumulated amortisation	-	(26,187)	(26,187)
	$ 24,125	$ 16,872	$ 40,997

	2018		
	Membership in a foreign Futures Exchange	Others	Total
At January 1,			
Cost	$ 24,125	$ 27,734	$ 51,859
Accumulated amortisation	-	(15,233)	(15,233)
	$ 24,125	$ 12,501	$ 36,626
Opening net book amount at January 1,	$ 24,125	$ 12,501	$ 36,626
Additions	-	2,367	2,367
Reclassifications	-	7,851	7,851
Disposals (cost)	-	(1,600)	(1,600)
Disposals (accumulated amortisation)	-	1,600	1,600
Amortisation expense	-	(4,975)	(4,975)
Net exchange differences	-	5	5
Closing net book amount at September 30,	$ 24,125	$ 17,749	$ 41,874
At September 30,			
Cost	$ 24,125	$ 36,357	$ 60,482
Accumulated amortisation	-	(18,608)	(18,608)
	$ 24,125	$ 17,749	$ 41,874

(12) Pension

A. Defined benefit plan

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

(B) For the aforementioned pension plan, the Group recognized pension costs of $206, $202, $617 and $608 for the three months and nine months ended September 30, 2019 and 2018, respectively.

(C) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2020 amounting to $743.

B. Defined contribution plan

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

(B) The pension costs under defined contribution pension plans of the Group for the three months and nine months ended September 30, 2019 and 2018, were $4,393, $4,778, $13,145 and $13,374, respectively.

C. The Company reclassified net defined benefit liabilities as well as resignation and pension liabilities from provision - non-current to other non-current liabilities based on their natures. The affected amounts were $80,998 and $66,399, respectively, on December 31, 2018 and September 30, 2018.

(13) Share capital

As of September 30, 2019, the Company's authorized capital was $2,500,000, and the paid-in capital was $2,322,763 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

(14) Capital surplus

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

(15) Special reserve

	September 30, 2019	December 31, 2018	September 30, 2018
Legal capital reserve	$ 2,066,874	$ 1,866,865	$ 1,866,865
Special reserve-Fintech	8,027	8,505	8,505
	$ 2,074,901	$ 1,875,370	$ 1,875,370

A. According to the "Rules Governing the Administration of Securities Firms", 20% of the current year's earnings, after paying all taxes and offsetting prior years' operating losses, if any, shall be set aside as special reserve until the cumulative balance equals the total amount of paid-in capital. The special reserve shall be used exclusively to cover accumulated deficit or to increase capital and shall not be used for any other purpose. Such capitalization shall not be permitted unless the Company has already accumulated a special reserve of at least 50% of its paid-in capital and only half of such special reserve may be capitalized.

B. The Company transferred provision on bad debt loss that had been set aside but not reversed to special reserve on initial application of IFRSs in accordance with Gin-Gwen-Zheng-Qi Letter No. 1010032090, dated July 10, 2012. Except for offsetting operating losses or special reserve exceeding 50% of the Company's paid-in capital after transferring, the Company could transfer half of special reserve as share capital.

C. According to Gin-Gwen-Zheng-Qi Letter No. 1010048029, an equivalent amount of special reserve should be set aside from earnings after tax of the current year and the undistributed earnings of the prior period based on the decreased amount of equity. For the cumulative decrease in equity of the prior period, the equal amount of special reserve set aside based on the undistributed earnings should not be distributed. If there is any reversal of the decrease in equity, the earnings may be distributed based on the reversal proportion.

D. According to Gin-Gwen-Zheng-Quan Letter No. 10500278285 dated August 5, 2016, for earnings from fiscal years 2016 to 2018, futures commission merchants shall set aside special reserve from earnings after tax in the range between 0.5% to 1%. Also, starting fiscal year 2017, the expenditure of staff education training, staff transfer or resettlement arising from the development of financial technology could be reversed at the same amount within the above mentioned range. However, according to Gin-Gwen-Zheng-Quan Letter No. 1080321644 dated July 10, 2019, futures commission merchants are no longer required to set aside special reserve starting from fiscal year 2019. And the special reserve, within the balance of special reserve set aside in the previous years, could be reversed at the same amount for the aforementioned expenditures.

(16) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% and 20% of the remaining amount shall be set aside as legal reserve and special reserve. The remainder, if any, to be retained or to be appropriated shall be resolved by the stockholders at the stockholders' meeting.

B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

D. The appropriation of 2018 and 2017 earnings had been resolved by the stockholders at the stockholders' meeting. Details are summarized below:

	2018		2017	
	Amount	Dividends per Share (in dollars)	Amount	Dividends per Share (in dollars)
Legal reserve	$ 100,004		$ 87,329	
Special reserve	200,009		174,657	
Special reserve-Fintech	5,000		4,366	
Reversal of special reserve	(5,478)		-	
Cash dividends	650,373	$ 2.80	464,553	$ 2.00

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

E. For information relating to employees' remuneration, please refer to Note 6(26).

(17) Other equity items

	Unrealised gain (losses) on valuation	Currency translation differences	Total
At January 1, 2019	$ 1,182,211	($ 1,718)	$ 1,180,493
Financial assets at fair value through other comprehensive income			
-revaluation	134,819	-	134,819
-revaluation transferred to retained earnings	(15,356)	-	(15,356)
Currency translation differences			
-Exchange differences	-	5,544	5,544
At September 30, 2019	$ 1,301,674	$ 3,826	$ 1,305,500

	Unrealised gain (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	186,461	-	186,461
-revaluation transferred to retained earnings	(16,200)	-	(16,200)
Currency translation differences			
-Exchange differences	-	18,957	18,957
At September 30, 2018	$ 1,109,232	($ 8,215)	$ 1,101,017

(18) Brokerage

	For the three months ended September 30,	
	2019	2018
Dealers' commissions	$ 694,935	$ 837,013

	For the nine months ended September 30,	
	2019	2018
Dealers' commissions	$ 2,094,134	$ 2,486,891

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

	For the three months ended September 30,	
	2019	2018
Revenue from sale of securities - dealing	$ 235,517	$ 180,112
Cost from sale of securities - dealing	(233,719)	(184,087)
Total	$ 1,798	($ 3,975)

	For the nine months ended September 30,	
	2019	2018
Revenue from sale of securities - dealing	$ 477,604	$ 457,235
Cost from sale of securities - dealing	(474,705)	(462,490)
Total	$ 2,899	($ 5,255)

(20) Clearance fee from consignation

	For the three months ended September 30,	
	2019	2018
Clearance fee from consignation - non-related parties	$ 10,024	$ 10,004
Clearance fee from consignation - related parties	8,001	9,507
Total	$ 18,025	$ 19,511

	For the nine months ended September 30,	
	2019	2018
Clearance fee from consignation - non-related parties	$ 29,480	$ 31,915
Clearance fee from consignation - related parties	23,285	28,359
Total	$ 52,765	$ 60,274

(21) Net gain on derivative financial instruments

	For the three months ended September 30, 2019	For the three months ended September 30, 2018
Non-hedging		
Gain (loss) from futures contract interests		
Futures contract gains	$ 662,777	$ 77,768
Futures contract losses	(667,241)	(80,567)
	($ 4,464)	($ 2,799)
Gain (loss) from options trading		
Gain from options trading	$ 61,518	$ 1,715
Loss from options trading	(55,058)	(8,132)
	$ 6,460	($ 6,417)
Gain (loss) from exchange rate derivatives trading		
Gain from exchange rate derivatives trading	$ 24,973	$ 27,018
Loss from exchange rate derivatives trading	(22,406)	(22,006)
	$ 2,567	$ 5,012
Gain (loss) from structured products trading		
Gain from structured products trading	$ -	$ 22
Loss from structured products trading	-	-
	$ -	$ 22
Gain (loss) from equity derivatives trading		
Gain from equity derivatives trading	$ 203	$ -
Loss from equity derivatives trading	(1,221)	-
	($ 1,018)	$ -
Non-hedging		
Gains from derivative financial instruments	$ 749,471	$ 106,523
Losses from derivative financial instruments	(745,926)	(110,705)
	$ 3,545	($ 4,182)

	For the nine months ended September 30,	
	2019	2018
Non-hedging		
Gain (loss) from futures contract interests		
Futures contract gains	$ 1,173,155	$ 261,086
Futures contract losses	(1,142,694)	(259,601)
	$ 30,461	$ 1,485
Gain (loss) from options trading		
Gain from options trading	$ 186,513	$ 69,849
Loss from options trading	(158,204)	(25,214)
	$ 28,309	$ 44,635
Gain (loss) from exchange rate derivatives trading		
Gain from exchange rate derivatives trading	$ 74,093	$ 46,538
Loss from exchange rate derivatives trading	(68,802)	(31,733)
	$ 5,291	$ 14,805
Gain (loss) from structured products trading		
Gain from structured products trading	$ -	$ 56
Loss from structured products trading	-	(54)
	$ -	$ 2
Gain (loss) from equity derivatives trading		
Gain from equity derivatives trading	$ 287	$ 51
Loss from equity derivatives trading	(1,471)	53
	($ 1,184)	$ 104
Non-hedging		
Gains from derivative financial instruments	$ 1,434,048	$ 377,580
Losses from derivative financial instruments	(1,371,171)	(316,549)
	$ 62,877	$ 61,031

(22) Service charge

	For the three months ended September 30,	
	2019	2018
Service charge - brokerage	$ 117,652	$ 149,225
Service charge - dealing	1,970	1,543
Total	$ 119,622	$ 150,768

	For the nine months ended Septembe 30,	
	2019	2018
Service charge - brokerage	$ 356,891	$ 443,920
Service charge - dealing	3,991	4,698
Total	$ 360,882	$ 448,618

(23) Futures commissions

	For the three months ended September 30,	
	2019	2018
Entrusted futures transaction	$ 101,386	$ 135,535
Futures auxiliary business	54,802	74,973
Total	$ 156,188	$ 210,508

	For the nine months ended September 30,	
	2019	2018
Entrusted futures transaction	$ 325,069	$ 332,956
Futures auxiliary business	167,309	229,127
Total	$ 492,378	$ 562,083

(24) Clearance fee

	For the three months ended September 30,	
	2019	2018
Clearance fee - brokerage	$ 92,386	$ 115,370
Clearance fee - dealing	1,290	770
Total	$ 93,676	$ 116,140

	For the nine months ended September 30,	
	2019	2018
Clearance fee - brokerage	$ 279,173	$ 345,120
Clearance fee - dealing	2,695	2,566
Total	$ 281,868	$ 347,686

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(25) Operating expenses

	For the three months ended September 30,	
	2019	2018
Employee benefit expense	$ 175,907	$ 147,262
Depreciation expense	19,265	10,017
Amortisation expense	2,583	1,940
Postage and telephone costs	21,853	25,809
Tax expenses	21,782	21,011
Computer information expenses	27,761	29,525
Donation	-	236
Institutional membership fees	10,301	6,619
Operating lease payments	3,377	10,473
Repair charge	2,007	10,041
Advertising costs	1,694	641
Service expenses	3,855	3,162
Other expenses	11,833	24,549
Total	$ 302,218	$ 291,285

	For the nine months ended September 30,	
	2019	2018
Employee benefit expense	$ 526,482	$ 451,556
Depreciation expense	57,329	30,802
Amortisation expense	7,342	4,975
Postage and telephone costs	68,325	64,949
Tax expenses	64,603	65,461
Computer information expenses	71,988	82,521
Donation	4,511	7,941
Institutional membership fees	32,211	30,876
Operating lease payments	9,678	30,434
Repair charge	16,829	23,250
Advertising costs	9,257	11,096
Service expenses	11,337	9,921
Other expenses	39,113	58,058
Total	$ 919,005	$ 871,840

(26) Employee benefit expense

	For the three months ended September 30,	
	2019	2018
Wages and salaries	$ 157,949	$ 130,107
Labor and health insurance fees	8,615	8,503
Pension costs	4,599	4,980
Post-employment benefits	219	(1,078)
Other personnel expenses	4,525	4,750
Total	$ 175,907	$ 147,262

	For the nine months ended September 30,	
	2019	2018
Wages and salaries	$ 472,281	$ 397,976
Labor and health insurance fees	24,872	24,427
Pension costs	13,762	13,982
Post-employment benefits	1,389	1,204
Other personnel expenses	14,178	13,967
Total	$ 526,482	$ 451,556

A. In accordance with the Articles of Incorporation of the Company, when distributing earnings, the Company shall distribute bonus to the employees that account for 0.01%~5.00%, of the total distributed amount.

B. For the three months and nine months ended September 30, 2019 and 2018, employees' compensation was accrued at $1,200, $750, $3,000 and $2,250, respectively, and the aforementioned amounts were recognised in salary expenses. For the nine months ended September 30, 2019, the employees' compensation were estimated and accrued based on 0.01% ~ 5.00% of distributable profit of current year as of the end of reporting period.

C. Employees' compensation of 2018 as resolved at the meeting of Board of Directors were in agreement with those amounts recognised in the 2018 financial statements.

D. Information about employees' compensation of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(27) Other gains and losses

	For the three months ended September 30, 2019	For the three months ended September 30, 2018
Interest income	$ 280,205	$ 175,359
(Loss) gain on disposal of investments	(5)	5,216
Dividend income	45,760	12,143
Net currency exchange gain (loss)	2,275	(532)
Gains (loss) on financial assets at fair value through profit or loss	518	(9,072)
Others	12,540	18,784
Total	$ 341,293	$ 201,898

	For the nine months ended September 30, 2019	For the nine months ended September 30, 2018
Interest income	$ 838,299	$ 464,202
(Loss) gain on disposal of investments	(1,740)	3,359
Dividend income	112,765	72,868
Net currency exchange (loss) gain	(8,947)	15,576
Gains (loss) on financial assets at fair value through profit or loss	1,746	(6,397)
Others	62,570	36,964
Total	$ 1,004,693	$ 586,572

(28) Income tax

A. Income tax expense

Components of income tax expense:

	For the three months ended September 30, 2019	For the three months ended September 30, 2018
Current tax:		
Current tax on profits for the period	$ 53,730	$ 40,300
Tax on undistributed surplus earnings	-	-
Prior year income tax overestimation	-	-
Total current tax	53,730	40,300
Deferred tax:		
Origination and reversal of temporary differences	3,769	-
Impact of change in tax rate	-	-
Total deferred tax	3,769	-
Income tax expense	$ 57,499	$ 40,300

	For the nine months ended September 30,	
	2019	2018
Current tax:		
Current tax on profits for the period	$ 216,906	$ 164,222
Tax on undistributed surplus earnings	-	14,456
Prior year income tax overestimation	(2,037)	(9,463)
Total current tax	214,869	169,215
Deferred tax:		
Origination and reversal of temporary differences	94	3,311
Impact of change in tax rate	-	(2,489)
Total deferred tax	94	822
Income tax expense	$ 214,963	$ 170,037

B. The Company's income tax returns through 2017 have been assessed and approved by the Tax Authority.

For the 2017 income tax returns, the Company disagreed with the assessments on the securities, futures trading income and undistributed surplus earnings. Therefore, the Company availed of administrative remedy by applying for a review of the administrative action with the Tax Authority.

The Company's subsidiary, SYF Information Limited's income tax returns through 2017 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 on February 7, 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.

(29) Earnings per share

	For the three months ended September 30, 2019		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per Share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 313,143	232,276	$ 1.35

	For the three months ended September 30, 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	$ 252,982	232,276	$ 1.09

	For the nine months ended September 30, 2019		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per Share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 903,867	232,276	$ 3.89

	For the nine months ended September 30, 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	$ 685,584	232,276	$ 2.95

(30) Operating leases

Effective 2018

The Group leases its office and certain equipment under non-cancellable operating lease agreements. The lease terms are between 1 and 5 years. The Group recognized rental expenses of $10,473 and $30,434 for the three months and nine months ended September 30, 2018, respectively. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	December 31, 2018	September 30, 2018
Less than one year	$ 36,099	$ 38,498
Later than one year but no later than five years	32,596	37,254
	$ 68,695	$ 75,752

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The Company's parent and ultimate controlling party is Yuanta Financial Holding Co., Ltd., which owns 68.65% of the Company's shares.

(2) The names and relationship of related parties

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

(3) Significant related party transactions and balances

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

	September 30, 2019		
	Bank deposits	Operating guarantee deposits	Customer margin deposits
Fellow subsidiary			
Yuanta Bank	$ 1,679,208	$ 140,000	$ 9,616,571

	December 31, 2018		
	Bank deposits	Operating guarantee deposits	Customer margin deposits
Fellow subsidiary			
Yuanta Bank	$ 1,995,376	$ 140,000	$ 14,675,660

	September 30, 2018		
	Bank deposits	Operating guarantee deposits	Customer margin deposits
Fellow subsidiary			
Yuanta Bank	$ 1,475,327	$ 140,000	$ 12,373,317
Yuanta Securities (Hong Kong) Co., Ltd.	-	-	39
	$ 1,475,327	$ 140,000	$ 12,373,356

B. Leverage margin contract trading client margin deposits

	September 30, 2019	December 31, 2018	September 30, 2018
Fellow subsidiary			
Yuanta Bank	$ 222,244	$ 126,850	$ 79,562

C. Security lending deposits- related parties

	September 30, 2019	December 31, 2018	September 30, 2018
Fellow subsidiary			
Yuanta Securities Co., Ltd.	$ -	$ -	$ 969

D. Accounts receivable - related parties

	September 30, 2019	December 31, 2018	September 30, 2018
Fellow subsidiary			
Yuanta Securities Co., Ltd.	$ 2,563	$ 3,566	$ 3,358
Yuanta Bank	-	467	372
	$ 2,563	$ 4,033	$ 3,730

E. Other receivables - related parties

	September 30, 2019	December 31, 2018	September 30, 2018
Fellow subsidiary			
Yuanta Bank	$ 18,008	$ 14,946	$ 8,545
Yuanta Securities (Hong Kong) Co., Ltd.	114	189	33,245
	$ 18,122	$ 15,135	$ 41,790

F. Leasing arrangements－lessee

a. The Group leases buildings from Yuanta Bank and Yuanta Securities Co., Ltd. with a lease term of 3 years and rents are paid monthly.

b. Lease liabilities

(a)Outstanding balance:

	September 30, 2019
Fellow subsidiary	
Yuanta Bank	$ 3,033
Yuanta Securities Co., Ltd.	31,219
	$ 34,252

(b)Interest expense

	For the three months ended September 30, 2019
Fellow subsidiary	
Yuanta Bank	$ 6
Yuanta Securities Co., Ltd.	71
	$ 77

	For the nine months ended September 30, 2019
Fellow subsidiary	
Yuanta Bank	$ 23
Yuanta Securities Co., Ltd.	245
	$ 268

G. Refundable deposits

	September 30, 2019	December 31, 2018	September 30, 2018
Fellow subsidiary			
Yuanta Bank	$ 10,188	$ 10,188	$ 10,241
Yuanta Securities Co., Ltd.	5,155	5,155	5,147
The directors are the key management			
Taiwan Securities Association	300	300	-
	$ 15,643	$ 15,643	$ 15,388

H. Futures traders' equity

	September 30, 2019	December 31, 2018	September 30, 2018
Fellow subsidiary			
Yuanta Bank	$ 28,709	$ 5,991	$ 14,944
Yuanta Securities Co., Ltd.	3,352,067	2,994,353	2,287,002
Yuanta Securities (Hong Kong) Co., Ltd.	327,876	419,049	390,481
Yuanta Securities Korea Co., Ltd.	188,076	149,755	155,332
Funds managed by fellow subsidiary			
Funds managed by Yuanta Securities Investment Trust	24,532,737	22,878,227	20,997,612
President and significant shareholder of financial holding company and subsidiaries	229,223	874,886	869,272
Other related parties	36,813	33,518	33,488
	$ 28,695,501	$ 27,355,779	$ 24,748,131

I. Accounts payable - related parties

	September 30, 2019	December 31, 2018	September 30, 2018
Fellow subsidiary			
Yuanta Securities Co., Ltd.	$ 11,704	$ 18,768	$ 18,215
Other related parties	121	225	237
	$ 11,825	$ 18,993	$ 18,452

J. Other payables - related parties

	September 30, 2019	December 31, 2018	September 30, 2018
Parent Company			
Yuanta Financial Holdings	$ 184	$ 636	$ 30
Fellow subsidiary			
Yuanta Securities Co., Ltd.	270	277	290
President and significant shareholder of financial holding company and subsidiaries	58	10	28
	$ 512	$ 923	$ 348

K. Brokerage

	For the three months ended September 30, 2019	For the three months ended September 30, 2018
Fellow subsidiary		
Yuanta Bank	$ -	$ 15
Yuanta Securities Co., Ltd.	29,420	21,473
Yuanta Securities (Hong Kong) Co., Ltd.	406	1,296
Yuanta Securities Korea Co., Ltd.	1,469	326
Funds managed by fellow subsidiary		
Funds managed by Yuanta Securities Investment Trust	48,995	56,486
President and significant shareholder of financial holding company and subsidiaries	792	1,000
Other related parties	679	607
	$ 81,761	$ 81,203

	For the nine months ended September 30, 2019	For the nine months ended September 30, 2018
Fellow subsidiary		
Yuanta Bank	$ 22	$ 302
Yuanta Securities Co., Ltd.	94,740	72,468
Yuanta Securities (Hong Kong) Co., Ltd.	1,896	2,844
Yuanta Securities Korea Co., Ltd.	3,141	1,246
Funds managed by fellow subsidiary		
Funds managed by Yuanta Securities Investment Trust	148,173	144,989
President and significant shareholder of financial holding company and subsidiaries	2,147	2,471
Other related parties	1,977	1,672
	$ 252,096	$ 225,992

L. Clearance fee from consignation

	For the three months ended September 30,	
	2019	2018
Fellow subsidiary		
Yuanta Securities Co., Ltd.	$ 8,001	$ 9,507

	For the nine months ended September 30,	
	2019	2018
Fellow subsidiary		
Yuanta Securities Co., Ltd.	$ 23,285	$ 28,359

M. Securities commissions revenue

	For the three months ended September 30,	
	2019	2018
Fellow subsidiary		
Yuanta Securities Co., Ltd.	$ 848	$ 1,098

	For the nine months ended September 30,	
	2019	2018
Fellow subsidiary		
Yuanta Securities Co., Ltd.	$ 2,586	$ 3,546

N. Other operating revenues - Co-marketing revenue

	For the three months ended September 30,	
	2019	2018
Fellow subsidiary		
Yuanta Bank	$ -	$ 1
Yuanta Securities Investment Trust	-	-
Yuanta Securities Co., Ltd	79	-
	$ 79	$ 1

	For the nine months ended September30,	
	2019	2018
Fellow subsidiary		
Yuanta Bank	$ -	$ 1
Yuanta Securities Investment Trust	1	25
Yuanta Securities Co., Ltd	79	-
	$ 80	$ 26

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

	For the three months ended September 30,	
	2019	2018
Fellow subsidiary		
Yuanta Securities Co., Ltd.	$ 45,172	$ 61,329
Yuanta Securities (Hong Kong) Co., Ltd.	7	-
Yuanta Securities Korea Co., Ltd.	-	138
Other related parties	478	946
	$ 45,657	$ 62,413

	For the nine months ended September 30,	
	2019	2018
Fellow subsidiary		
Yuanta Securities Co., Ltd.	$ 137,529	$ 188,417
Yuanta Securities (Hong Kong) Co., Ltd.	7	43
Yuanta Securities Korea Co., Ltd.	-	381
Other related parties	1,596	2,226
	$ 139,132	$ 191,067

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

P. Service fees

	For the three months ended September 30,	
	2019	2018
Fellow subsidiary		
Yuanta Securities Investment Consulting	$ 918	$ 918
Yuanta Securities Co., Ltd	412	416
	$ 1,330	$ 1,334

	For the nine months ended September 30,	
	2019	2018
Fellow subsidiary		
Yuanta Securities Investment Consulting	$ 2,754	$ 2,754
Yuanta Securities Co., Ltd	1,183	1,202
	$ 3,937	$ 3,956

Q. Interest income

	For the three months ended September 30,	
	2019	2018
Fellow subsidiary		
Yuanta Bank	$ 28,817	$ 35,539
Yuanta Securities Co., Ltd	13	13
The directors are the key management		
Taiwan Securities Association	-	-
	$ 28,830	$ 35,552

	For the nine months ended September 30,	
	2019	2018
Fellow subsidiary		
Yuanta Bank	$ 98,319	$ 109,390
Yuanta Securities Co., Ltd	40	40
The directors are the key management		
Taiwan Securities Association	3	-
	$ 98,362	$ 109,430

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

R. Interest expense

	For the three months ended September 30,	
	2019	2018
Fellow subsidiary		
Yuanta Bank	$ 1	$ 3
Yuanta Securities (Hong Kong) Co., Ltd.	124	155
Yuanta Securities Co., Ltd.	813	687
Yuanta Securities Korea Co., Ltd.	103	94
Funds managed by fellow subsidiary		
Funds managed by Yuanta Securities Investment Trust	-	-
	$ 1,041	$ 939

	For the nine months ended September 30,	
	2019	2018
Fellow subsidiary		
Yuanta Bank	$ 7	$ 14
Yuanta Securities (Hong Kong) Co., Ltd.	426	417
Yuanta Securities Co., Ltd.	2,223	2,104
Yuanta Securities Korea Co., Ltd.	304	173
Funds managed by fellow subsidiary		
Funds managed by Yuanta Securities Investment Trust	19,803	9,862
	$ 22,763	$ 12,570

	For the three month ended September 30, 2018
Fellow subsidiary	
Yuanta Bank	$ 433
Yuanta Securities Co., Ltd.	5,161
	$ 5,594

	For the nine month ended September 30, 2018
Fellow subsidiary	
Yuanta Bank	$ 1,300
Yuanta Securities Co., Ltd.	15,481
	$ 16,781

S. Rental expense

T. Donation expenditure

	For the three months ended September 30,	
	2019	2018
Yuanta Cultural & Education Foundation	$ -	$ -
Polaris Research	-	-
	$ -	$ -

	For the nine months ended September 30,	
	2019	2018
Yuanta Cultural & Education Foundation	$ 2,500	$ 5,000
Polaris Research	1,380	2,300
	$ 3,880	$ 7,300

U. Property transactions

	September 30, 2019	December 31, 2018	September 30, 2018
Acquisition of financial assets			
Funds managed by fellow subsidiary			
Funds managed by Yuanta Securities Investment Trust	$ 94,365	$ 19,710	$ 47,735

The (losses) gains on disposal of beneficiary certificates were $0, $2,658, ($438) and $2,343 for the three months and nine months ended September 30, 2019 and 2018, respectively.

(4) Key management compensation

	For the three months ended September 30, 2019	For the three months ended September 30, 2018
Salaries and other short-term employee benefits	$ 56,241	$ 42,936
Post-employment benefits	1,264	1,182
Other long-term benefits	452	417
	$ 57,957	$ 44,535

	For the nine months ended September 30, 2019	For the nine months ended September 30, 2018
Salaries and other short-term employee benefits	$ 173,592	$ 132,633
Post-employment benefits	3,737	3,579
Other long-term benefits	1,324	1,269
	$ 178,653	$ 137,481

8. PLEDGED ASSETS

None.

9. SIGNIFICANT COMMITMENTS AND CONTINGENT LIABILITIES

Commitments

For information on operating lease agreements, please refer to Note 6(30) for details.

10. SIGNIFICANT LOSS FROM NATURAL DISASTER

None.

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11. DERIVATIVE INSTRUMENT TRANSACTIONS

The Group had derivative financial instrument trading as follows:

September 30, 2019						
		Open Interest				
Item	Object of transaction	Buyer /Seller	Number of contract(s) (lot)	Margin paid (received)	Fair value	Remarks
Futures contracts (Domestic)	TX	Buyer	29	$ 62,140	$ 62,740	
	TX	Seller	99	(215,161)	(214,295)	
	MTX	Seller	457	(247,483)	(247,409)	
	Stock Futures	Buyer	456	128,333	128,646	
	Stock Futures	Seller	158	(26,330)	(26,080)	
	Metal Futures	Seller	145	(80,937)	(81,715)	
Futures contracts (Overseas)	Metal Futures	Buyer	21	100,233	96,010	
	Index Futures	Seller	115	(49,055)	(48,511)	
	Grain Futures	Buyer	489	59,342	59,210	
Option contracts (Domestic)	TGO	Buy call	92	860	1,783	
	TGO	Buy put	67	571	766	
	TGO	Sell call	139	(1,578)	(857)	
	TGO	Sell put	100	(944)	(252)	
	TXO	Buy call	938	8,352	6,816	
	TXO	Buy put	293	1,487	1,784	
	TXO	Sell call	113	(888)	(755)	
	TXO	Sell put	818	(5,808)	(6,576)	
Option contracts (Overseas)	Futures options	Buy call	135	87	42	
	Futures options	Buy put	500	4,445	4,419	
	Futures options	Sell call	492	(916)	(631)	
	Futures options	Sell put	8	(13)	(12)	

December 31, 2018						
		Open Interest				
Item	Object of transaction	Buyer /Seller	Number of contract(s) (lot)	Margin paid (received)	Fair value	Remarks
Futures contracts (Domestic)	TX	Buyer	273	$ 516,096	$ 517,139	
	TX	Seller	13	(25,040)	(25,139)	
	MTX	Buyer	449	216,660	217,069	
	MTX	Seller	945	(445,247)	(446,125)	
	Stock Futures	Buyer	48	2,077	2,079	
	Stock Futures	Seller	59	(3,520)	(3,472)	
	TF	Buyer	1	1,164	1,179	
	TE	Buyer	6	8,973	9,234	
	GFT	Seller	1	(491)	(494)	
Futures contracts (Overseas)	Index Futures	Buyer	18	19,676	19,870	
	Index Futures	Seller	2	(1,394)	(1,485)	
	Grain Futures	Buyer	334	39,265	39,305	
Option contracts (Domestic)	TFO	Buy put	4	11	5	
	TFO	Sell call	4	(36)	(42)	
	TGO	Buy call	1	5	6	
	TGO	Sell call	1	(3)	(6)	
	TEO	Buy put	24	142	52	
	TEO	Sell call	24	(319)	(472)	
	TXO	Buy call	1,268	7,795	7,875	
	TXO	Buy put	1,941	23,956	12,930	
	TXO	Sell call	1,782	(11,806)	(11,855)	
	TXO	Sell put	1,482	(8,410)	(6,958)	
Option contracts (Overseas)	Futures options	Buy put	439	2,503	4,235	
	Futures options	Sell call	336	(926)	(756)	

September 30, 2018						
		Open Interest				
Item	Object of transaction	Buyer /Seller	Number of contract(s) (lot)	Margin paid (received)	Fair value	Remarks
Futures contracts (Domestic)	TX	Buyer	106	$ 228,445	$ 231,992	
	TX	Seller	7	(15,339)	(15,337)	
	MTX	Buyer	4	2,206	2,191	
	MTX	Seller	213	(112,245)	(116,416)	
	GET	Seller	1	(535)	(536)	
	Stock futures	Buyer	482	35,048	35,137	
	Stock futures	Seller	341	(18,791)	(19,176)	
	TF	Seller	8	(10,375)	(10,419)	
	TE	Buyer	6	10,532	10,498	
Futures contracts (Overseas)	Metal Futures	Buyer	55	56,366	56,154	
	Metal Futures	Seller	55	(56,369)	(56,154)	
	Index Futures	Seller	66	(92,338)	(92,545)	
	Grain Futures	Buyer	651	92,953	95,269	
Option contracts (Domestic)	TXO	Buy call	4,781	4,806	2,254	
	TXO	Buy put	1,192	3,381	2,983	
	TXO	Sell call	4,564	(5,117)	(2,589)	
	TXO	Sell put	1,195	(3,385)	(2,905)	
Option contracts (Overseas)	Futures options	Buy put	644	9,348	6,164	
	Futures options	Sell call	752	(1,905)	(2,166)	

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	1/1/2019 ~ 9/30/2019		1/1/2018 ~ 9/30/2018		Standard	Enforcement (Note 3)
		Calculation	Ratio	Calculation	Ratio		
17	*Equity* / *(Total liabilities – Future traders' equity)*	8,614,407 / 983,592	8.76	7,893,576 / 634,636	12.44	≧1	Satisfied
17	*Current assets* / *Current liabilities*	70,199,067 / 65,786,888	1.07	61,794,191 / 57,480,847	1.08	≧1	Satisfied
22	*Equity* / *Minimum paid – in capital (Note 1)*	8,614,407 / 1,060,000	812.68%	7,893,576 / 1,060,000	744.68%	≧60% ≧40% (Note 2)	Satisfied
22	*Adjusted net capital* / *Total margin deposit required for futures traders, not yet off-set*	6,088,910 / 13,240,206	45.99%	5,805,243 / 9,206,483	63.06%	≧20% ≧15%	Satisfied

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

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

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

13. SPECIFIC INHERENT RISKS IN OPERATING AS FUTURES DEALER

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

(2) The specific risks of the Group's futures brokerage business are outlined below:

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

(3) See Note 20 for significant financial risk information on futures dealer business.

14. SEGMENT INFORMATION

(1) General information – type of product and service of reporting segments' income source

Management has determined the operating segments based on the reports reviewed by the Chief Operating Decision-Maker, i.e. Board of Directors, that are used to make strategic decisions. The Chief Operating Decision-Maker considers the source of income, and the Group's operating segments are divided into broker and dealer. The primary source of income by each segment is as follows:

Broker: Consigned and entrusted to futures trading and financial instruments trading approved by relevant regulations in the R.O.C.

Dealer: Used capital funds to engage in trading stocks, futures, options, and other derivatives financial instruments approved by relevant regulations in the R.O.C.

(2) Measurement of segment information

A. Information on segment profit (loss); measurement of assets and liabilities

Measurement of profit (loss), assets and liabilities of the Group are consistent with Note 4 – Summary of significant accounting policies. Measurement of profit (loss) performance is based on income before tax.

In order to establish a fair and reasonable performance evaluation, the Group would offset the income and expense incurred internally from each segment for external financial reporting purposes.

Income and expense are classified directly to the segment where they belong to. For expense incurred indirectly, it will consider its classification based on the usage purpose by proportionally dividing into each segment when a reasonable rate can be assigned. Otherwise, it will be classified as "Other operating segment" when a reasonable rate cannot be assigned.

B. Identifying factors for reportable segments

The measurement of segment performance will be evaluated periodically to ensure that it achieves the goals of the Group. The results of its evaluation will be used as the framework for resource allocation.

(3) Information on segment profit (loss)

	For the nine months ended September 30, 2019			
	Brokerage segment	Dealing segment	Other operating segment	Total
Segment revenue	$ 2,164,662	$ 68,309	($ 8)	$ 2,232,963
Segment profit	$ 1,245,111	($ 13,299)	($ 112,982)	$ 1,118,830

	For the nine months ended September 30, 2018			
	Brokerage segment	Dealing segment	Other operating segment	Total
Segment revenue	$ 2,565,290	$ 71,675	($ 198)	$ 2,636,767
Segment profit	$ 956,819	($ 7,823)	($ 93,375)	$ 855,621

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) Handling fee discounts on transactions with related parties in excess of NT$5,000,000： None.

(6) Accounts receivable from related parties reaching $100 million or over 20% of paid-in capital balance: None.

(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 September 30, 2019			Operating revenue of the investee	Net income (loss) of the investee	Investment income (loss) recognized by the company	Cash dividend for the current period	Note
						Balance as at September 30, 2019	Balance as at December 31, 2018	Number of shares (in thousands)	Ownership (%)	Book value					
Yuanta Futures Co., Ltd.	Yuanta Futures (Hong Kong) Co., Ltd.	Hong Kong	2010.12.2	Gin-Gwen-Zheng-Qi Letter No. 0990055943	Financial Services	1,033,971	1,033,971	34,000	100.00%	1,014,140	$ 146,083	$ 17,155	$ 17,155	-	Subsidiaries
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%	289,345	-	286	286	-	Subsidiaries
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%	147,829	-	66	66	-	Sub-subsidiaries

(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. Handling fee discounts on transactions with related parties in excess of NT$5,000,000：None.

F. Accounts receivable from related parties reaching $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 September 30, 2019	Accumulated gain returned to Taiwan at end of period
					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	($ 514)	100	($ 514)	$ 121,421	-

Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2019	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
$ 157,209	$ 174,000	$ 5,168,645

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

(1) Direct investment in entities of Mainland China.

(2) Reinvest in entities of Mainland China through indirect investment in the third place.

(3) Others.

Note 2: In the ‘Gain (loss) recognized during the period’ column:

(1) It should be indicated if the investee was still in the incorporation stage and had not yet any profit during this period.

(2) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:

A. The financial statements that are audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.

B. The financial statements that are audited and attested by R.O.C. parent company’s CPA.

C. Others.

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

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

20. FINANCIAL RISK MANAGEMENT

(1) Capital management

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

(2) Financial instruments

The methods of reporting derivative financial instruments on financial statements: please refer to the Notes 6(1), 6(2), 6(21).

(3) Fair value information

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

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

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). The fair value of the Group's investment in off-the-run financial bonds is included in Level 2.

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

B. Financial instruments not measured at fair value

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

(B) The fair value of financial assets at amortised cost - financial bonds is determined by using valuation techniques and categorized within Level 2 in the fair value hierarchy. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. On September 30, 2019, December 31, 2018 and September 30, 2018, the carrying amounts and fair values of financial assets at amortised cost - financial bonds were $62,056, $92,333 and $91,858 as well as $62,112, $92,853 and $91,262, respectively.

(C) The related information of financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities as at September 30, 2019, December 31, 2018 and September 30, 2018 is as follows:

September 30, 2019	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Listed stocks	$ 31,561	$ -	$ -	$ 31,561
Beneficiary certificates	102,663	-	-	102,663
Open-End Fund and Money Market Instruments	62,342	-	-	62,342
Futures	61,421	-	-	61,421
Options	15,610	-	-	15,610
Derivatives Assets - Leverage margin contract transaction	-	16,189	-	16,189
Financial assets at fair value through other comprehensive income				
Equity securities	184,517	-	1,529,871	1,714,388
Total	$ 458,114	$ 16,189	$ 1,529,871	$ 2,004,174

	Level 1	Level 2	Level 3	Total
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Options	$ 9,083	$ -	$ -	$ 9,083
Security borrowing payable - non-hedging	61,143	-	-	61,143
Total	$ 70,226	$ -	$ -	$ 70,226

(Blank)

December 31, 2018	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Listed stocks	$ 13,004	$ -	$ -	$ 13,004
Beneficiary certificates	19,710	-	-	19,710
Open-End Fund and Money Market Instruments	46,445	-	-	46,445
Futures	132,268	-	-	132,268
Options	25,103	-	-	25,103
Derivatives Assets - Leverage margin contract transaction	-	8,145	-	8,145
Financial assets at fair value through other comprehensive income				
Equity securities	155,525	-	1,404,019	1,559,544
Total	$ 392,055	$ 8,145	$ 1,404,019	$ 1,804,219
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Options	$ 20,089	$ -	$ -	$ 20,089

(Blank)

September 30, 2018	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Listed stocks	$ 124,270	$ -	$ -	$ 124,270
Beneficiary certificates	47,735	-	-	47,735
Open-End Fund and Money Market Instruments	27,365	-	-	27,365
Futures	62,733	-	-	62,733
Options	11,401	-	-	11,401
Derivatives Assets - Leverage margin contract transaction	-	6,860	-	6,860
Financial assets at fair value through other comprehensive income				
Equity securities	217,887	-	1,370,777	1,588,664
Total	$ 491,391	$ 6,860	$ 1,370,777	$ 1,869,028

	Level 1	Level 2	Level 3	Total
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Options	$ 7,660	$ -	$ -	$ 7,660
Security borrowing payable - non-hedging	29,880	-	-	29,880
Total	$ 37,540	$ -	$ -	$ 37,540

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

(A) The fair value of financial instruments traded in active markets is based on quoted market prices at the consolidated balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm’s length basis. The quoted market price used for financial assets held by the Group is the closing price. These instruments are included in level 1. Instruments included in level 1 comprise primarily equity instruments and debt instruments classified as financial assets/financial liabilities at fair value through profit or loss, or financial assets at fair value through other comprehensive income.

(B) The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

(C) If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

(D) Specific valuation techniques used to value financial instruments include:

a. Quoted market prices or dealer quotes for similar instruments.

b. Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

E. For the nine months ended September 30, 2019 and 2018, there were no transfer between Level 1 and Level 2.

F. The following table presents the changes in level 3 instruments for the nine months ended September 30, 2019 and 2018.

	Equity securities
January 1, 2019	$ 1,404,019
Gains and losses recognised in other comprehensive income (Note)	125,852
September 30, 2019	$ 1,529,871

	Equity securities
January 1, 2018	$ 1,183,345
Gains and losses recognised in other comprehensive income (Note)	187,432
September 30, 2018	$ 1,370,777

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

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

	Fair value at September 30, 2019	Valuation technique	Significant Unobservable input	Range (weighted average)
Non-derivative equity				
Non-listed stocks	$ 1,529,871	Market approach	Price to earnings ratio multiple	27.96
			Discount of marketability	40%

	Fair value at December 31, 2018	Valuation technique	Significant Unobservable input	Range (weighted average)
Non-derivative equity				
Non-listed stocks	$ 1,404,019	Market approach	Price to earnings ratio multiple	26.53
			Discount of marketability	40%

	Fair value at September 30, 2018	Valuation technique	Significant Unobservable input	Range (weighted average)
Non-derivative equity				
Non-listed stocks	$ 1,370,777	Market approach	Price to earnings ratio multiple	26.07
			Discount of marketability	40%

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

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

	September 30, 2019	
	Recognised in other comprehensive income	
	Favourable change	Unfavourable change
Financial assets		
Equity instrument	$ 5,099	($ 5,099)

	December 31, 2018	
	Recognised in other comprehensive income	
	Favourable change	Unfavourable change
Financial assets		
Equity instrument	$ 4,680	($ 4,680)

	September 30, 2018	
	Recognised in other comprehensive income	
	Favourable change	Unfavourable change
Financial assets		
Equity instrument	$ 4,569	($ 4,569)

(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: nine months ended September 30, 2019

Amount in thousands of NTD

Type of Trading	Equity	Commodity	Foreign Exchange Rate	Interest Rate	Total
September 30, 2019	$ 1,878	$ 2,324	$ 430	$ -	$ 2,701
Average	10,981	1,476	2,100	-	11,785
Lowest	875	-	419	-	799
Highest	28,244	5,028	8,441	-	27,564

Period: nine months ended September 30, 2018

Amount in thousands of NTD

Type of Trading	Equity	Commodity	Foreign Exchange Rate	Interest Rate	Total
September 30, 2018	$ 2,221	$ -	$ 518	$ -	$ 2,169
Average	2,458	515	744	68	2,619
Lowest	430	-	-	-	867
Highest	8,917	1,393	1,718	1,472	9,028

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.

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

(6) Credit risk

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

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

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

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

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

(A) Analysis of concentration of credit risk

a. Geographic location:

Percentages of credit risk exposure amounts of the Group's financial assets by geographic area were as follows (see the table below): As of September 30, 2019, the highest was Taiwan with 86.62%, the second was Asia (excluding Taiwan) with 7.26% and the third was Europe with 3.12%. Compared to the same period last year, the proportion of investments in Asia has decreased slightly in this period.

	September 30, 2019	December 31, 2018	September 30, 2018
Taiwan	$ 63,154,944	$ 58,992,570	$ 54,428,824
Asia(not including Taiwan)	5,293,569	9,666,739	7,330,034
Europe	2,277,302	2,247,302	2,353,456
America	2,182,355	83,632	58,843
Other	1,668	-	9,918
Total	$ 72,909,838	$ 70,990,243	$ 64,181,075

b. Industry:

Percentages of credit risk exposure amounts of the Group's financial assets by industry were as follows (see the table below): Financial institutions accounted for 99.88% with other industry sectors representing less than 1%. Credit risk is concentrated in financial institutions because the Group's own capital and margins received from customers were both deposited with financial institutions, debt securities held by the Group were issued or guaranteed by banks, and counterparties of derivative trade undertaken by the Group were banks, futures clearing and settlement institution and re-consigned futures firms. The percentages distribution did not change significantly in this period compared to the corresponding period of last year.

	September 30, 2019	December 31, 2018	September 30, 2018
Privately owned businesses	$ -	$ 19,710	$ 57,653
Financial institutions	72,821,307	70,873,237	64,050,755
Public enterprises	4	4	4
Other	88,527	97,292	72,663
Total	$ 72,909,838	$ 70,990,243	$ 64,181,075

(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) be applied with the internal credit risk ratings.

b. As of September 30, 2019, the credit quality levels of the Group's financial assets were classified as follows: Excellent is 95.50%, standard is 4.38%. The result of credit quality level classification did not change significantly in this period compared to the corresponding period of last year with financial assets with standard credit quality increasing in proportion slightly.

	September 30, 2019	December 31, 2018	September 30, 2018
Excellent	$ 69,626,426	$ 69,384,754	$ 63,920,833
Standard	3,191,986	1,505,049	174,672
Below standard	91,426	100,440	85,570
Total	$ 72,909,838	$ 70,990,243	$ 64,181,075

C. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

(A) The Group determines that there has been a significant increase in credit risk on a receivable (futures trading margin receivable and other receivables) if it is either past due over 30 days or in violation of the terms of the agreement.

(B) Refundable deposits that have not been returned and the number of days past the refund date is more than 30, excluding deposits not returned due to specific conditions set in the contract.

(C) At the balance sheet date, a debt instrument is considered to have significant increase in credit risk if the credit rating of the credit reference subject is non-investment grade and any of the following conditions apply:

a. The credit rating of the credit reference subject has dropped by more than one scale since initial recognition.

b. The implicit credit spread of the debt instrument has increased by a certain number of basis points since initial recognition.

(D) The definition of a financial asset in default

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

b. A debt instrument investment is considered in default if any of the following conditions apply:

(a) Bond was credit-impaired at the time of purchase.

(b) At the financial reporting date, the bond is rated as "in default."

(c) Interest or principal payments have not been made in accordance with the issuance terms.

(d) Due to credit condition of the issuer, the issuance terms were changed so that interest payments were delayed or not made at all.

(e) The issuer or guarantor has ceased operations, applied for reorganization, filed for bankruptcy, dissolved, or sold assets that have a significant impact on the company's ability to continue as a going concern.

(E) Write off policy

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

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

a. Futures trading margin receivable

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

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

	September 30, 2019			
		Lifetime		
	12 months	Significant increase in credit risk	Credit impaired	
	Without past due or within 30 days	More than 30 days	More than 90 days	Total
Expected loss rate	0%	97.84%	100%	
Total book value	$ 364	$ -	$ 86,390	$ 86,754
Loss allowance	$ -	$ -	($ 86,390)	($ 86,390)
Maximum exposure amount	$ 364	$ -	$ -	$ 364

	December 31, 2018			
		Lifetime		
	12 months	Significant increase in credit risk	Credit impaired	
	Without past due or within 30 days	More than 30 days	More than 90 days	Total
Expected loss rate	0%	69.47%	100%	
Total book value	$ -	$ 3,348	$ 86,810	$ 90,158
Loss allowance	$ -	($ 2,326)	($ 86,810)	($ 89,136)
Maximum exposure amount	$ -	$ 1,022	$ -	$ 1,022

	September 30, 2018			
		Lifetime		
	12 months	Significant increase in credit risk	Credit impaired	
	Without past due or within 30 days	More than 30 days	More than 90 days	Total
Expected loss rate	0%	42.69%	100%	
Total book value	$ -	$ -	$ 99,348	$ 99,348
Loss allowance	$ -	$ -	($ 99,348)	($ 99,348)
Maximum exposure amount	$ -	$ -	$ -	$ -

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

	For the nine months ended September 30, 2019			
		Lifetime		
	12 months	Significant increase in credit risk	Credit impaired	
	Without past due or within 30 days	More than 30 days	More than 90 days	Total
January 1, 2019	$ -	($ 2,326)	($ 86,810)	($ 89,136)
Provision for impairment	-	-	(1,465)	(1,465)
Reversal of impairment loss	-	1,018	1,885	2,903
Write off	-	1,308	-	1,308
September 30, 2019	$ -	$ -	($ 86,390)	($ 86,390)

	For the nine months ended September 30, 2018			
		Lifetime		
	12 months	Significant increase in credit risk	Credit impaired	
	Without past due or within 30 days	More than 30 days	More than 90 days	Total
January 1, 2018	$ -	$ -	($ 241)	($ 241)
Provision for impairment	-	-	(99,107)	(99,107)
September 30, 2018	$ -	$ -	($ 99,348)	($ 99,348)

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 September 30, 2019, December 31, 2018 and September 30, 2018, are as follows:

	September 30, 2019	December 31, 2018	September 30, 2018
	12 months	12 months	12 months
Expected loss rate	0.062%	0.037%~0.068%	0.037%~0.068%
Total book value	$ 63,005	$ 92,871	$ 93,205
Loss allowance	(38)	(53)	(53)
Maximum exposure amount	$ 62,967	$ 92,818	$ 93,152

(e) The Group has no life time expected credit loss of the investments in debt instrument at amortized cost as of September 30, 2019, December 31, 2018 and September 30, 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:

	2019
	12 months
At January 1,	($ 53)
Reversal of impairment	15
September 30,	($ 38)

	2018
	12 months
At January 1,_IAS 39	$ -
Adjustments under new standards	(76)
At January 1,_IFRS 9	(76)
Reversal of impairment	23
September 30,	($ 53)

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

	September 30, 2019	December 31, 2018	September 30, 2018
	12 months	12 months	12 months
Financial assets at amortised cost			
Group 1	$ 62,056	$ 92,333	$ 91,858

Group 1: Credit rating level over BBB+.

(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.

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

Cash flow analysis of financial liabilities on September 30, 2019

		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	$ 70,226	$ -	$ -	$ -	$ -	$ 70,226
214080	Futures traders' equity	65,936,223	-	-	-	-	65,936,223
214100	Leverage margin contract transaction traders' equity	182,482	-	-	-	-	182,482
214130	Accounts payable	335	84,896	-	-	-	85,231
214140	Accounts payable-related parties	-	11,825	-	-	-	11,825
214170	Other payables	-	57,221	152,657	1,899	197	211,974
214180	Other payables-related parties	-	512	-	-	-	512
216000	Lease liabilities - current	-	6,255	17,894	-	-	24,149
219000	Other current liabilities	-	154,082	3,608	-	-	157,690
226000	Lease liabilities - non-current	-	-	-	14,229	-	14,229
	Total	$ 66,189,266	$ 314,791	$ 174,159	$ 16,128	$ 197	$ 66,694,541
	Percentage (%) of overall	99.24%	0.47%	0.27%	0.02%	0.00%	100.00%

Cash flow analysis of financial liabilities on December 31, 2018

Accounts	Financial liabilities	Payment period: 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	$ 20,089	$ -	$ -	$ -	$ -	$ 20,089
214080	Futures traders' equity	64,332,759	-	-	-	-	64,332,759
214100	Leverage margin contract transaction traders' equity	103,735	-	-	-	-	103,735
214130	Accounts payable	198	123,797	-	-	-	123,995
214140	Accounts payable-related parties	-	18,993	-	-	-	18,993
214170	Other payables	-	49,747	154,066	1,899	197	205,909
214180	Other payables-related parties	-	923	-	-	-	923
219000	Other current liabilities	-	17,396	6,786	-	-	24,182
	Total	$ 64,456,781	$ 210,856	$ 160,852	$ 1,899	$ 197	$ 64,830,585
	Percentage (%) of overall	99.42%	0.33%	0.25%	0.00%	0.00%	100.00%

Cash flow analysis of financial liabilities on September 30, 2018

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	$ 37,540	$ -	$ -	$ -	$ -	$ 37,540
214080	Futures traders' equity	58,021,545	-	-	-	-	58,021,545
214100	Leverage margin contract transaction traders' equity	81,113	-	-	-	-	81,113
214130	Accounts payable	3,164	110,891	-	-	-	114,055
214140	Accounts payable-related parties	-	18,452	-	-	-	18,452
214170	Other payables	-	75,646	91,407	1,899	197	169,149
214180	Other payables-related parties	-	348	-	-	-	348
219000	Other current liabilities	-	57,708	5,739	-	-	63,447
	Total	$ 58,143,362	$ 263,045	$ 97,146	$ 1,899	$ 197	$ 58,505,649
	Percentage (%) of overall	99.38%	0.45%	0.17%	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 September 30, 2019

Accounts	Financial assets	Receipt period: Prevailing Period	Receipt period: Less than 3 months	Receipt period: 3 ~12 months	Receipt period: 1~5 years	Receipt period: Over 5 years	Total
111100	Cash and cash equivalents	$ 1,411,149	$ 2,750,279	$ 1,148,472	$ -	$ -	$ 5,309,900
112000	Financial assets at fair value through profit or loss-current	289,786	-	-	-	-	289,786
113200	Financial assets at fair value through other comprehensive income-current	184,517	-	-	-	-	184,517
113300	Financial assets at amortised cost - current	-	-	62,056	-	-	62,056
114070	Margin deposits	66,221,445	-	-	-	-	66,221,445
114080	Futures trading margin receivable	364	-	-	-	-	364
114100	Security lending deposits	52,179	-	-	-	-	52,179
114130	Accounts receivable	-	68,608	-	-	-	68,608
114140	Accounts receivable-related parties	-	2,563	-	-	-	2,563
114170	Other receivables	-	86,417	654	-	-	87,071
114180	Other receivables-related parties	-	7,129	10,993	-	-	18,122
114300	Leverage margin contract trading Client margin deposits	222,244	-	-	-	-	222,244
119990	Other current assets	-	28	-	-	-	28
123200	Financial assets at fair value through other comprehensive income-non-current	-	-	-	-	1,529,871	1,529,871
129010	Operating guarantee deposits	-	-	-	-	145,938	145,938
129020	Clearing and settlement funds	-	-	-	-	536,576	536,576
129030	Refundable deposits	-	-	-	-	38,359	38,359
	Subtotal	$ 68,381,684	$ 2,915,024	$ 1,222,175	$ -	$ 2,250,744	$ 74,769,627
	Cash inflow	$ 68,381,684	$ 2,915,024	$ 1,222,175	$ -	$ 2,250,744	$ 74,769,627
	Cash outflow	66,189,266	314,791	174,159	16,128	197	66,694,541
	The amount of capital gap	$ 2,192,418	$ 2,600,233	$ 1,048,016	($ 16,128)	$ 2,250,547	$ 8,075,086

The analysis of cash flow gap on December 31, 2018

Accounts	Financial assets	Receipt period: Prevailing Period	Less than 3 months	3 ~12 months	1~5 years	Over 5 years	Total
111100	Cash and cash equivalents	$ 836,147	$ 504,220	$ 3,951,195	$ -	$ -	$ 5,291,562
112000	Financial assets at fair value through profit or loss-current	244,675	-	-	-	-	244,675
113200	Financial assets at fair value through other comprehensive income-current	155,525	-	-	-	-	155,525
114070	Margin deposits	64,540,616	-	-	-	-	64,540,616
114100	Security lending deposits	-	-	-	-	-	-
114130	Accounts receivable	-	2,960	-	-	-	2,960
114140	Accounts receivable-related parties	-	4,033	-	-	-	4,033
114170	Other receivables	-	27,919	-	-	-	27,919
114180	Other receivables-related parties	-	15,135	-	-	-	15,135
114300	Leverage margin contract trading Client margin deposits	126,850	-	-	-	-	126,850
119990	Other current assets	-	23	-	-	-	23
123200	Financial assets at fair value through other comprehensive income-non-current	-	-	-	-	1,404,019	1,404,019
123300	Financial assets at amortised cost-non-current	-	-	92,333	-	-	92,333
129010	Operating guarantee deposits	-	-	-	-	145,886	145,886
129020	Clearing and settlement funds	-	-	-	-	492,788	492,788
129030	Refundable deposits	-	-	-	38,323	-	38,323
	Subtotal	$ 65,903,813	$ 554,290	$ 4,043,528	$ 38,323	$ 2,042,693	$ 72,582,647
	Cash inflow	$ 65,903,813	$ 554,290	$ 4,043,528	$ 38,323	$ 2,042,693	$ 72,582,647
	Cash outflow	64,456,781	210,856	160,852	1,899	197	64,830,585
	The amount of capital gap	$ 1,447,032	$ 343,434	$ 3,882,676	$ 36,424	$ 2,042,496	$ 7,752,062

The analysis of cash flow gap on September 30, 2018

Accounts	Financial assets	Receipt period: Prevailing Period	Receipt period: Less than 3 months	Receipt period: 3 ~12 months	Receipt period: 1~5 years	Receipt period: Over 5 years	Total
111100	Cash and cash equivalents	$ 989,591	$ 1,796,417	$ 2,001,258	$ -	$ -	$ 4,787,266
112000	Financial assets at fair value through profit or loss-current	280,364	-	-	-	-	280,364
113200	Financial assets at fair value through other comprehensive income-current	217,887	-	-	-	-	217,887
114070	Margin deposits	58,267,809	-	-	-	-	58,267,809
114100	Security lending deposits	27,022	-	-	-	-	27,022
114130	Accounts receivable	-	35,730	-	-	-	35,730
114140	Accounts receivable-related parties	-	3,730	-	-	-	3,730
114170	Other receivables	-	22,765	-	-	-	22,765
114180	Other receivables-related parties	-	41,790	-	-	-	41,790
114300	Leverage margin contract trading Client margin deposits	79,562	-	-	-	-	79,562
119990	Other current assets	-	8	-	-	-	8
123200	Financial assets at fair value through other comprehensive income-non-current	-	-	-	1,370,777	-	1,370,777
123300	Financial assets at amortised cost-non-current	-	-	91,858	-	-	91,858
129010	Operating guarantee deposits	-	-	-	-	145,857	145,857
129020	Clearing and settlement funds	-	-	-	-	488,534	488,534
129030	Refundable deposits	-	-	-	38,293	-	38,293
	Subtotal	$ 59,862,235	$ 1,900,440	$ 2,093,116	$ 1,409,070	$ 634,391	$ 65,899,252
	Cash inflow	$ 59,862,235	$ 1,900,440	$ 2,093,116	$ 1,409,070	$ 634,391	$ 65,899,252
	Cash outflow	58,143,362	263,045	97,146	1,899	197	58,505,649
	The amount of capital gap	$ 1,718,873	$ 1,637,395	$ 1,995,970	$ 1,407,171	$ 634,194	$ 7,393,603

(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)	September 30, 2019		December 31, 2018		September 30, 2018	
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	$ 1,040,320	31.0400	$ 989,522	30.7150	$ 931,422	30.5250
JPY/NTD	525,191	0.2878	781,010	0.2782	619,897	0.2692
HKD/NTD	126,624	3.9580	74,009	3.9210	60,254	3.9010
EUR/NTD	14,894	33.9500	10,930	35.2000	10,242	35.4800
GBP/NTD	6,484	38.2000	6,280	38.8800	6,278	39.9000
AUD/NTD	11,664	20.9650	10,764	21.6650	11,867	22.0350
SGD/NTD	302	22.4700	61	22.4800	57	22.3300
CNY/NTD	113,295	4.3500	121,054	4.4720	148,726	4.4360
CHF/NTD	2	31.2650	-	31.1850	-	31.2750
USD/HKD	73,584	7.8407	73,775	7.8321	61,502	7.8229
CNY/HKD	27,978	1.0986	22,568	1.1405	16,467	1.1369
EUR/HKD	740	8.5719	480	8.9740	371	9.0878
JPY/HKD	33,387	0.0727	17,249	0.0709	12,083	0.0690
SGD/HKD	3	5.6737	-	-	-	-
NTD/HKD	34,990	0.2526	-	-	-	-
USD/ CNY	2,104	7.0731	2,353	6.8845	2,350	6.6812
Financial liabilities						
Monetary items						
USD/NTD	1,031,887	31.0400	981,589	30.7150	926,017	30.5250
JPY/NTD	503,951	0.2878	744,834	0.2782	593,000	0.2692
HKD/NTD	120,656	3.9580	65,586	3.9210	53,628	3.9010
EUR/NTD	14,866	33.9500	10,821	35.2000	10,210	35.4800
GBP/NTD	6,475	38.2000	6,255	38.8800	6,528	39.9000
AUD/NTD	11,651	20.9650	10,719	21.6650	11,842	22.0350
SGD/NTD	302	22.4700	61	22.4800	56	22.3300
CNY/NTD	112,917	4.3500	120,399	4.4720	147,625	4.4360
USD/HKD	44,765	7.8407	47,361	7.8321	42,301	7.8229
CNY/HKD	10,338	1.0986	17,662	1.1405	12,188	1.1369
EUR/HKD	439	8.5719	373	8.9740	259	9.0878
JPY/HKD	27,852	0.0727	17,041	0.0709	12,079	0.0690
NTD/HKD	34,969	0.2526	60,587	0.2548	449	0.2561

B. The total exchange gains and losses, including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Group for the three months and nine months ended September 30, 2019 and 2018 amounted to $2,275, ($532), ($8,947) and $15,576, respectively.

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