YUANTA FUTURES CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

MARCH 31, 2020 AND 2019

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

REVIEW REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

PWCR20000009

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Yuanta Futures Co., Ltd and subsidiaries (the "Group") as at March 31, 2020 and 2019, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three months 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 Firm" and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

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

資誠聯合會計師事務所 PricewaterhouseCoopers, Taiwan
11012 臺北市信義區基隆路一段 333 號 27 樓
27F, No. 333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei 11012, Taiwan
T: +886 (2) 2729 6666, F:+ 886 (2) 2729 6686, www.pwc.tw

pwc 資誠

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2020 and 2019, and of its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with "Regulations Governing the Preparations of Financial Reports by Futures Commission Merchants", "Regulations Governing the Preparations of Financial Reports by Securities Firm" 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

April 29, 2020

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

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

YUANTA FUTURES CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of March 31, 2020 and 2019 are reviewed, not audited)

			March 31, 2020		December 31, 2019		March 31, 2019	
	ASSETS	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current assets							
111100	Cash and cash equivalents	6(1) and 7	$ 5,945,597	6	$ 5,224,945	7	$ 5,240,259	7
112000	Financial assets at fair value through profit or loss - current	6(2), 7 and 11	446,115	-	316,294	1	279,703	-
113200	Financial assets at fair value through other comprehensive income - current	6(5)	801,040	1	581,447	1	420,465	1
113300	Financial assets at amortised cost - current	6(6)	-	-	-	-	92,534	-
114070	Margin deposits	6(3) and 7	94,866,810	90	64,708,416	87	67,141,096	88
114080	Futures trading margin receivable	6(4)	12,000	-	-	-	-	-
114100	Security lending deposits		6,556	-	45,844	-	10,261	-
114130	Accounts receivable		21,929	-	55,995	-	18,634	-
114140	Accounts receivable - related parties	7	6,202	-	2,377	-	3,618	-
114150	Prepayments		15,487	-	7,356	-	12,884	-
114170	Other receivables		31,357	-	31,441	-	20,670	-
114180	Other receivables - related parties	7	8,645	-	12,412	-	14,737	-
114300	Leverage margin contract trading client margin deposits	7	314,111	-	258,250	-	142,162	-
114600	Current income tax assets		341	-	341	-	341	-
119000	Other current assets		13	-	18	-	82	-
110000	**Subtotal current assets**		102,476,203	97	71,245,136	96	73,397,446	96
	Non-current assets							
123200	Financial assets at fair value through other comprehensive income - non-current	6(5)	1,410,881	1	1,518,539	2	1,426,737	2
125000	Property and equipment	6(9)	586,408	1	597,740	1	600,998	1
125800	Right-of-use assets	6(10)	58,729	-	67,790	-	50,982	-
127000	Intangible assets	6(11)	41,371	-	41,049	-	40,756	-
128000	Deferred income tax assets		20,755	-	25,074	-	24,318	-
129010	Operating guarantee deposits	6(7) and 7	147,914	-	145,799	-	145,891	-
129020	Clearing and settlement funds	6(8)	538,389	1	535,686	1	524,015	1
129030	Refundable deposits	7	38,488	-	38,487	-	38,215	-
129130	Prepayment for equipment		67,893	-	66,503	-	22,390	-
129990	Other non-current assets - Other		2,086	-	2,086	-	431	-
120000	**Subtotal non-current assets**		2,912,914	3	3,038,753	4	2,874,733	4
906001	**Total assets**		$ 105,389,117	100	$ 74,283,889	100	$ 76,272,179	100

(Continued)

YUANTA FUTURES CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of March 31, 2020 and 2019 are reviewed, not audited)

	LIABILITIES AND EQUITY	Notes	March 31, 2020 AMOUNT	%	December 31, 2019 AMOUNT	%	March 31, 2019 AMOUNT	%
	Current liabilities							
212000	Financial liabilities at fair value through profit or loss - current	6(2) and 11	$ 139,977	-	$ 72,099	-	$ 45,387	-
214080	Futures traders' equity	6(3) and 7	94,392,010	90	64,525,451	87	66,917,385	88
214100	Leverage margin contract transaction traders' equity		211,163	-	225,185	-	132,766	-
214130	Accounts payable		306,004	1	104,415	-	100,135	-
214140	Accounts payable - related parties	7	43,531	-	14,704	-	15,370	-
214160	Collection for third parties		12,411	-	6,322	-	7,970	-
214170	Other payables		220,727	-	252,319	1	148,839	-
214180	Other payables - related parties	7	595	-	1,296	-	281	-
214600	Current income tax liabilities		128,008	-	72,463	-	199,301	1
216000	Lease liabilities - current	7	35,810	-	36,089	-	-	-
219000	Other current liabilities		34,149	-	15,718	-	39,661	-
210000	**Subtotal current liabilities**		95,524,385	91	65,326,061	88	67,607,095	89
	Non-current liabilities							
226000	Lease liabilities - non-current	7	23,126	-	31,884	-	51,050	-
229000	Other non-current liabilities		69,928	-	69,807	-	75,763	-
220000	**Subtotal non-current liabilities**		93,054	-	101,691	-	126,813	-
906003	**Total liabilities**		95,617,439	91	65,427,752	88	67,733,908	89
	Equity attributable to owners of the parent company							
	Capital							
301010	Common stock	6(14)	2,499,763	2	2,322,763	3	2,322,763	3
	Additional paid-in capital							
302000	Capital surplus	6(15)	1,624,543	1	940,976	1	940,976	1
	Retained earnings							
304010	Legal reserve	6(16)(17)	907,430	1	907,430	1	807,426	1
304020	Special reserve	6(16)(17)	2,074,901	2	2,074,901	3	1,875,370	2
304040	Undistributed earnings	6(17)	1,601,245	2	1,313,798	2	1,349,817	2
	Other equity							
305000	Other equity interest	6(18)	1,063,796	1	1,296,269	2	1,241,919	2
906004	**Total equity**		9,771,678	9	8,856,137	12	8,538,271	11
906002	**Total liabilities and equity**		$ 105,389,117	100	$ 74,283,889	100	$ 76,272,179	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)

	Items	Notes	Three months ended March 31 2020 AMOUNT	2020 %	2019 AMOUNT	2019 %
	Revenues					
401000	Brokerage	6(19) and 7	$ 1,106,145	94	$ 635,423	93
410000	(Loss) gain on trading of securities	6(2)(20)	(8,485)	(1)	1,667	-
421500	(Loss) gain on valuation of trading securities	6(2)	(5,504)	-	987	-
421600	Gains (losses) on covering of borrowed securities and bonds with resale agreements-short sales	6(2)	10,361	1	(2,293)	-
421610	Valuation gains on borrowed securities and bonds with resale agreements-short sales at fair value through profit or loss	6(2)	18,105	2	810	-
424200	Securities commission revenue	7	1,053	-	921	-
424300	Clearance fee from consignation	6(21) and 7	23,006	2	16,135	3
424400	Net gain on derivative financial instruments	6(2)(22)	35,269	3	19,578	3
424900	Futures advisory revenues		2,527	-	2,261	-
428000	Other operating (losses) revenues	7	(7,434)	(1)	6,824	1
400000	**Total revenues**		1,175,043	100	682,313	100
	Costs and expenses					
501000	Brokerage fee	6(23)	(246,938)	(21)	(103,438)	(15)
502000	Dealer handling fee	6(23)	(3,137)	-	(851)	-
521200	Interest expense	7	(18,033)	(2)	(16,435)	(2)
425300	Expected credit impairment reversal gains		830	-	1,706	-
524100	Futures commission	6(24) and 7	(213,515)	(18)	(158,812)	(23)
524300	Clearance fee	6(25)	(185,990)	(16)	(82,058)	(12)
528000	Other operating fee		(672)	-	(356)	-
531000	Employee benefit expense	6(26)(27)	(209,810)	(18)	(159,801)	(24)
532000	Depreciation and amortization	6(26)	(26,338)	(2)	(21,425)	(3)
533000	Other operating expenses	6(26) and 7	(130,821)	(11)	(113,022)	(17)
500000	**Total costs and expenses**		(1,034,424)	(88)	(654,492)	(96)
	Operating income		140,619	12	27,821	4
602000	Other gains and losses	6(2)(28) and 7	225,948	19	294,180	43
902001	**Income before income tax**		366,567	31	322,001	47
701000	Income tax expense	6(29)	(79,120)	(6)	(68,000)	(10)
902005	**Net income**		$ 287,447	25	$ 254,001	37

(Continued)

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 March 31			
			2020		2019	
	Items	Notes	AMOUNT	%	AMOUNT	%
	Other comprehensive income					
	Items that will not be reclassified to profit or loss					
805540	Unrealized gain and loss on equity instrument investment measured at fair value through other comprehensive income	6(5)(18)	($ 240,024)	(21)	$ 59,925	9
	Items that may be reclassified to profit or loss subsequently					
805610	Translation gain and loss on the financial statements of foreign operating entities	6(18)	7,551	1	3,795	1
805000	**Total other comprehensive (loss) income (net of tax)**		($ 232,473)	(20)	$ 63,720	10
902006	**Total comprehensive income**		$ 54,974	5	$ 317,721	47
	Consolidated net income attributable to:					
	Owners of the parent		$ 287,447	25	$ 254,001	37
	Consolidated comprehensive income attributable to:					
	Owners of the parent		$ 54,974	5	$ 317,721	47
	Earnings per share (in New Taiwan Dollars)					
	Basic and diluted earnings per share	6(29)	$ 1.23		$ 1.09	

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

YUANTA FUTURES CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
THREE MONTHS ENDED MARCH 31, 2020 AND 2019
(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 and loss on equity instrument investment measured at fair value through other comprehensive income	Total equity
For the three months ended March 31, 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		-	-	-	-	-	254,001	-	-	254,001
Other comprehensive income for the period	6(5)(17)	-	-	-	-	-	-	3,795	59,925	63,720
Total comprehensive income		-	-	-	-	-	254,001	3,795	59,925	317,721
Disposal of equity instrument investment measured at fair value through other comprehensive income	6(5)(17)	-	-	-	-	-	2,294	-	(2,294)	-
Balance, March 31, 2019		$2,322,763	$ 894,643	$ 46,333	$ 807,426	$1,875,370	$1,349,817	$ 2,077	$ 1,239,842	$8,538,271
For the three months ended March 31, 2020										
Balance, January 1, 2020		$2,322,763	$ 894,643	$ 46,333	$ 907,430	$2,074,901	$1,313,798	($ 21,375)	$ 1,317,644	$8,856,137
Net income for the period		-	-	-	-	-	287,447	-	-	287,447
Other comprehensive income (loss) for the period	6(5)(17)	-	-	-	-	-	-	7,551	(240,024)	(232,473)
Total comprehensive income (loss)		-	-	-	-	-	287,447	7,551	(240,024)	54,974
Issuance of shares	6(14)	177,000	670,328	-	-	-	-	-	-	847,328
Share-based payments	6(13)	-	13,239	-	-	-	-	-	-	13,239
Balance, March 31, 2020		$2,499,763	$1,578,210	$ 46,333	$ 907,430	$2,074,901	$1,601,245	($ 13,824)	$ 1,077,620	$9,771,678

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	Three months ended March 31 2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 366,567	$ 322,001
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(9)(10)(26)	23,273	19,100
Amortization	6(11)(26)	3,065	2,325
Interest income	6(27)	(224,044)	(256,746)
Interest expense		18,033	16,321
Dividends income		(2,572)	(1,235)
Expected credit impairment reversal gains	6(28)	(830)	(1,706)
Share-based payments	6(13)	13,239	-
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss - current		(129,821)	(35,028)
Margin deposits		(30,158,394)	(2,600,480)
Futures trading margin receivable		(11,170)	2,728
Security lending deposits		39,288	(10,261)
Accounts receivable		34,066	(15,674)
Accounts receivable - related parties		(3,825)	415
Prepayments		(8,131)	(6,541)
Other receivables		1,495	11,164
Other receivables - related parties		53	188
Leverage margin contract trading client margin deposits		(55,861)	(15,312)
Other current assets		5	(59)
Changes in operating liabilities			
Financial liabilities at fair value through profit or loss - current		67,878	25,298
Futures traders' equity		29,866,559	2,584,626
Leverage margin contract transaction traders' equity		(14,022)	29,031
Accounts payable		201,589	(23,860)
Accounts payable - related parties		28,827	(3,623)
Collection for third parties		6,089	791
Other payables		(45,708)	(75,960)
Other payables-related parties		(719)	(623)
Other current liabilities		18,431	15,479
Other non-current liabilities		121	(7,439)
Cash inflow (outflow) generated from operations		33,481	(25,080)
Interest received		226,847	253,120
Interest paid		(3,899)	2,550
Dividends received		2,072	1,235
Income tax paid		(19,255)	(19,360)
Net cash flows from operating activities		239,246	212,465
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through other comprehensive income		(351,960)	(271,116)
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(5)	-	43,383
Acquisition of property and equipment	6(9)	(2,428)	(449)
Increase in intangible assets	6(11)	(616)	-
Increase in operating guarantee deposits		(2,115)	(5)
Increase in clearing and settlement funds		(2,703)	(31,227)
(Increase) decrease in refundable deposits		(1)	108
Increase in prepayment for equipment		(4,160)	(1,730)
Net cash flows used in investing activities		(363,983)	(261,036)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of principal portion of lease liabilities		(9,359)	(6,211)
Proceeds from issuance of shares		847,328	-
Net cash flows from (used in) financing activities		837,969	(6,211)
Effect of change in foreign exchange rates		7,420	3,479
Net increase (decrease) in cash and cash equivalents		720,652	(51,303)
Cash and cash equivalents at beginning of period		5,224,945	5,291,562
Cash and cash equivalents at end of period		$ 5,945,597	$ 5,240,259

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

YUANTA FUTURES CO., LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020 AND 2019

(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 March 31, 2020, the Company had 4 branches.

(3) As of March 31, 2020 and 2019, the Group had 423 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 April 29, 2020.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1 and IAS 8, 'Disclosure Initiative-Definition of Material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7, 'Interest rate benchmark reform'	January 1, 2020

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

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

None.

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2021
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2022

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants", "Regulations Governing the Preparation of Financial Reports by Securities Firms", 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	March 31, 2020	December 31, 2019	March 31, 2019	Note
The Company	Yuanta Futures (Hong Kong) Limited	Financial services	100	100	100	
The Company	SYF Information Limited	Information technology services	100	100	100	
SYF Information Limited	SYF Information (Samoa) Limited	Investment holding	100	100	100	Note 1
SYF Information (Samoa) Limited	SYF Information (Shanghai) Limited	Information technology services	100	100	100	

Note 1: On September 25, 2019, to streamline organizational structure, the Board of Directors of the Company approved to liquidate SYF Information (Samoa) Limited. The liquidation has been approved by the competent authority on October 25, 2019, and is expected to be completed in 2020.

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

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

E. Significant restrictions: None.

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

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

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

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

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

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

B. Translation of foreign operations

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

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

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

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

(5) Classification of current and non-current items

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

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

(B) Assets held mainly for trading purposes;

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

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

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

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

(B) Liabilities arising mainly from trading activities;

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

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

(6) Cash and cash equivalents

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

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

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

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

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

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

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

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

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

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

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

(9) Financial assets at amortised cost

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

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

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

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

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

(10) Margin deposits

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

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

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

(12) Leverage margin contract trading client margin deposits

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

(13) Leverage margin contract transaction traders' equity

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

(14) Accounts receivable

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

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

(15) Impairment of financial assets

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

(16) Derecognition of financial assets

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

(17) Property and equipment

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

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

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

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

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

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) Intangible assets

A. Membership in a foreign Futures Exchange

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

B. Computer software

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

(20) Impairment of non-financial assets

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

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

(21) Derivative financial instruments and non-hedging activities

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

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

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

(A)Hybrid (combined) contracts; or

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

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

B. At initial recognition, the Group measures the financial liabilities at fair value. 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.

(23) Derecognition of financial liabilities

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

(24) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(A)Defined contribution plans

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

(B)Defined benefit plans

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

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

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

(C)Termination benefits

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

(D)Employees' and directors' and supervisors' remuneration

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

(25) Employee share-based payment

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

(26) Income tax

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

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

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

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

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

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 recognised on the date of settlement.

B. Security commission revenue: Commission revenues that are generated from the operation of securities introducing broker business by futures commission merchants. These 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 21(6) for more information.

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

The fair value of unlisted stocks held by the 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 21(3) for the financial instruments fair value information.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	March 31, 2020	December 31, 2019	March 31, 2019
Petty cash	$ 108	$ 107	$ 109
Cash in bank			
Checking deposits	17	17	19
Demand deposits	257,613	287,437	140,169
Time deposits	3,994,448	4,037,984	4,574,282
Subtotal	4,252,186	4,325,545	4,714,579
Excess futures margin deposits	590,205	432,060	288,790
Excess margin in foreign exchange margin trading	32,666	65,035	60,966
Commercial paper (expiring within three months)	1,070,540	402,305	175,924
	$ 5,945,597	$ 5,224,945	$ 5,240,259

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

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

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

	March 31, 2020	December 31, 2019	March 31, 2019
Financial assets mandatorily measured at fair value through profit or loss			
Listed stocks	$ 44,073	$ 66,624	$ 16,094
Beneficiary certificates	115,270	135,360	20,000
Open-End fund	70,214	53,985	49,327
Futures contracts - non-hedging	117,994	24,783	148,584
Options contracts - non-hedging	56,236	11,765	39,780
Leverage margin contract transactions - non-hedging	59,546	17,218	6,025
	463,333	309,735	279,810
Valuation adjustment	(17,218)	6,559	(107)
	$ 446,115	$ 316,294	$ 279,703

	March 31, 2020	December 31, 2019	March 31, 2019
Financial liabilities held for trading			
Options - non-hedging	$ 134,641	$ 5,156	$ 34,839
Security borrowing payable - non-hedging	5,336	66,943	10,548
	$ 139,977	$ 72,099	$ 45,387

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 March 31,	
	2020	2019
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	($ 13,823)	$ 2,654
Beneficiary certificates	(16,661)	(10)
Open-End fund	333	104
Non-hedging derivatives	110,078	61,281
Total	$ 79,927	$ 64,029

	For the three months ended March 31,	
	2020	2019
Financial liabilities held for trading		
Options - non-hedging	($ 74,614)	($ 41,703)
Security borrowing payable - non-hedging	28,466	(1,483)
Leverage margin contract transactions - non-hedging	(195)	-
Total	($ 46,343)	($ 43,186)

For the three months ended March 31, 2020 and 2019, 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 (loss) gain on trading of securities, (loss) gain on valuation of trading securities, gains (losses) on covering of borrowed securities and bonds with resale agreements-short sales, valuation 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 March 31, 2020, December 31, 2019 and March 31, 2019, margin deposits for the contract was $708,199, $456,843 and $437,375, respectively, with excess margin of $590,205, $432,060 and $288,790, 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

	March 31, 2020	December 31, 2019	March 31, 2019
Margin deposits by customers:			
Cash in banks	$ 63,352,799	$ 48,031,093	$ 48,122,846
Clearing house	17,565,792	7,582,545	7,051,208
Other futures commission merchants	13,948,219	9,094,778	11,967,042
Total	94,866,810	64,708,416	67,141,096
Less: Fees and interest revenue pending for transfer	(430,581)	(145,940)	(174,966)
Futures exchange tax pending for transfer	(8,902)	(3,789)	(4,560)
Temporary receipts	(11,207)	(3,619)	(4,254)
Others	(24,110)	(29,617)	(39,931)
Futures traders' equity	$ 94,392,010	$ 64,525,451	$ 66,917,385

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

B. As at March 31, 2020, December 31, 2019 and March 31, 2019, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the margin deposits held by the Group was $94,866,810, $64,708,416 and $67,141,096, respectively.

(4) Futures trading margin receivable

	March 31, 2020	December 31, 2019	March 31, 2019
Futures trading margin receivable	$ 97,579	$ 86,409	$ 87,430
Less: Allowance for uncollectible accounts	(85,579)	(86,409)	(87,430)
	$ 12,000	$ -	$ -

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

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

	March 31, 2020	December 31, 2019	March 31, 2019
Up to 30 days	$ 12,000	$ -	$ -
31-90 days	-	-	-
91-180 days	-	364	1,465
Over 181 days	85,579	86,045	85,965
	$ 97,579	$ 86,409	$ 87,430

The above ageing analysis was based on posting date.

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

	March 31, 2020	December 31, 2019	March 31, 2019
Current items:			
Equity instrument			
Listed stocks	$ 913,169	$ 561,209	$ 386,227
Valuation adjustment	(112,129)	20,238	34,238
Total	$ 801,040	$ 581,447	$ 420,465
Non-current items:			
Equity instrument			
Non-Listed stocks	$ 221,131	$ 221,132	$ 221,132
Valuation adjustment	1,189,750	1,297,407	1,205,605
Total	$ 1,410,881	$ 1,518,539	$ 1,426,737

A. The Group has elected to classify stock investments that are considered to be strategic investments and earning steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $2,211,921, $2,099,986 and $1,847,202 as at March 31, 2020, December 31, 2019 and March 31, 2019, respectively.

B. For the three months ended March 31, 2019, to avoid systemic risks due to market interference and uncertainties, the Group sold $43,383 of listed stocks at fair value and resulted in cumulative gains on disposal of $2,294. The Group did not sell fair value through other comprehensive income financial assets for the three months ended March 31, 2020.

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 March 31,	
	2020	2019
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income	($ 240,024)	$ 59,925
Cumulative gains reclassified to retained earnings due to derecognition	$ -	($ 2,294)
Dividend income recognised in profit or loss		
Held at end of period	$ 1,000	$ -

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

(6) Financial assets at amortised cost

	March 31, 2020	December 31, 2019	March 31, 2019
Current items:			
Financial bonds	$ -	$ -	$ 92,587
Less: Accumulated impairment	-	-	(53)
Total	$ -	$ -	$ 92,534

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

	For the three months ended March 31,	
	2020	2019
Interest income	$ -	$ 741

B. As at March 31, 2019, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortized cost held by the Group was $92,534. The Group did not hold financial assets at amortized cost as at March 31, 2020 and December 31, 2019.

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

D. Information relating to credit risk is provided in Note 21(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 March 31, 2020, December 31, 2019 and March 31, 2019 were all 1.035%. As at March 31, 2020, December 31, 2019 and March 31, 2019, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the operating guarantee deposits held by the Group was $147,914, $145,799 and $145,891, respectively.

(8) Clearing and settlement funds

As at March 31, 2020, December 31, 2019 and March 31, 2019, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the clearing and settlement funds held by the Group was $538,389, $535,686 and $524,015, respectively.

(9) Property and equipment

	2020				
	Land	Buildings	Equipment	Leasehold improvements	Total
At January 1,					
Cost	$ 410,992	$ 71,577	$ 200,872	$ 31,645	$ 715,086
Accumulated depreciation	-	(8,804)	(93,161)	(15,381)	(117,346)
	$ 410,992	$ 62,773	$ 107,711	$ 16,264	$ 597,740
Opening net book amount at January 1,	$ 410,992	$ 62,773	$ 107,711	$ 16,264	$ 597,740
Additions	-	-	2,428	-	2,428
Disposals (cost)	-	-	(13,426)	(2,189)	(15,615)
Disposals (accumulated depreciation)	-	-	13,426	2,189	15,615
Depreciation expense	-	(853)	(11,350)	(1,692)	(13,895)
Net exchange differences	-	-	42	93	135
Closing net book amount at March 31,	$ 410,992	$ 61,920	$ 98,831	$ 14,665	$ 586,408
At March 31,					
Cost	$ 410,992	$ 71,577	$ 189,955	$ 29,637	$ 702,161
Accumulated depreciation	-	(9,657)	(91,124)	(14,972)	(115,753)
	$ 410,992	$ 61,920	$ 98,831	$ 14,665	$ 586,408

	2019				
	Land	Buildings	Equipment	Leasehold improvements	Total
At January 1,					
Cost	$ 410,992	$ 71,577	$ 189,186	$ 48,592	$ 720,347
Accumulated depreciation	-	(5,397)	(76,607)	(25,400)	(107,404)
	$ 410,992	$ 66,180	$ 112,579	$ 23,192	$ 612,943
Opening net book amount at January 1,	$ 410,992	$ 66,180	$ 112,579	$ 23,192	$ 612,943
Additions	-	-	-	449	449
Reclassifications	-	-	390	-	390
Disposals (cost)	-	-	(23,264)	(17,105)	(40,369)
Disposals (accumulated depreciation)	-	-	23,264	17,105	40,369
Depreciation expense	-	(852)	(10,112)	(1,857)	(12,821)
Net exchange differences	-	-	25	12	37
Closing net book amount at March 31,	$ 410,992	$ 65,328	$ 102,882	$ 21,796	$ 600,998
At March 31,					
Cost	$ 410,992	$ 71,577	$ 166,388	$ 31,952	$ 680,909
Accumulated depreciation	-	(6,249)	(63,506)	(10,156)	(79,911)
	$ 410,992	$ 65,328	$ 102,882	$ 21,796	$ 600,998

(10) Leasing arrangements－lessee

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:

	March 31, 2020		December 31, 2019		March 31, 2019	
	Carrying amount		Carrying amount		Carrying amount	
Buildings	$	58,729	$	67,790	$	50,982

	For the three months ended March 31,			
	2020		2019	
	Depreciation charge		Depreciation charge	
Buildings	$	9,378	$	6,279

C. For the three months ended March 31, 2020 and 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 March 31,			
	2020		2019	
Items affecting profit or loss				
Interest expense on lease liabilities	$	131	$	114
Expense on short-term lease contracts		267		3,176

E. For the three months ended March 31, 2020 and 2019, the Group's total cash outflow for leases was $9,757 and $9,486, respectively.

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.

(Blank)

(11) Intangible assets

	2020		
	Membership in a foreign Futures Exchange	Others	Total
At January 1,			
Cost	$ 24,125	$ 45,814	$ 69,939
Accumulated amortisation	-	(28,890)	(28,890)
	$ 24,125	$ 16,924	$ 41,049
Opening net book amount at January 1,	$ 24,125	$ 16,924	$ 41,049
Additions	-	616	616
Reclassifications	-	2,770	2,770
Disposals (cost)	-	(2,413)	(2,413)
Disposals (accumulated amortisation)	-	2,413	2,413
Amortisation expense	-	(3,065)	(3,065)
Net exchange differences	-	1	1
Closing net book amount at March 31,	$ 24,125	$ 17,246	$ 41,371
At March 31,			
Cost	$ 24,125	$ 46,787	$ 70,912
Accumulated amortisation	-	(29,541)	(29,541)
	$ 24,125	$ 17,246	$ 41,371

	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
Reclassifications	-	249	249
Disposals (cost)	-	(1,947)	(1,947)
Disposals (accumulated amortisation)	-	1,947	1,947
Amortisation expense	-	(2,325)	(2,325)
Closing net book amount at March 31,	$ 24,125	$ 16,631	$ 40,756
At March 31,			
Cost	$ 24,125	$ 37,801	$ 61,926
Accumulated amortisation	-	(21,170)	(21,170)
	$ 24,125	$ 16,631	$ 40,756

(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 recognised pension costs of $106 and $206 for the three months ended March 31, 2020 and 2019, respectively.

(C) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2021 amount to $730.

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 ended March 31, 2020 and 2019 were $4,366 and $4,423, respectively.

(13) Share-based payment

A. For the three months ended March 31, 2020, the Group's share-based payment arrangements were as follows:

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

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

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

Amount in NTD

Type of arrangement	Grant date	Stock price	Exercise price	Exercise price volatility (Note 1)	Expected option life (Note 2)	Expected dividends	Risk-free interest rate	Fair value per unit
Cash capital increase reserved for employee preemption	February 12, 2020	$ 55.80	$ 48.00	10.43%	38 days	N/A	0.46%	$ 7.82

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

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

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

	Three months ended March 31, 2020
Equity-settled	$ 13,239

(14) Share capital

A. As of March 31, 2020, the Company's authorized capital was $2,500,000 consisting of 250,000 thousand shares , and paid-in capital was $2,499,763 with a par value of 10 (in dollars) per share. All proceeds from shares issued have been collected.

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

	2020
At January 1	232,276
Cash capital increase	17,700
At March 31	249,976

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

(15) 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.

(16) Special reserve

	March 31, 2020	December 31, 2019	March 31, 2019
Legal capital reserve	$ 2,066,874	$ 2,066,874	$ 1,866,865
Special reserve-Fintech	8,027	8,027	8,505
	$ 2,074,901	$ 2,074,901	$ 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.

E. In line with aforementioned regulations, the appropriation of 2019 earnings as approved by the Board of Directors on March 19, 2020, the Group reversed special reserve in the amount of ($8,027) and the appropriation of 2018 earnings as resolved by the shareholders on May 23, 2019, the Group provided special reserve in the amount of $5,000 and reversed special reserve in the amount of ($5,478).

(17) 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. On March 19, 2020, the Board of Directors resolved the distribution of profits for 2019, and on May 23, 2019 the stockholders' meeting resolved the distribution of profits for 2018 as follows:

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

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.

(18) Other equity items

	Unrealised gain (losses) on valuation	Currency translation differences	Total
At January 1, 2020	$ 1,317,644	($ 21,375)	$ 1,296,269
Financial assets at fair value through other comprehensive income			
-revaluation	(240,024)	-	(240,024)
Currency translation differences			
-Exchange differences	-	7,551	7,551
At March 31, 2020	$ 1,077,620	($ 13,824)	$ 1,063,796

	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	59,925	-	59,925
-revaluation transferred to retained earnings	(2,294)	-	(2,294)
Currency translation differences			
-Exchange differences	-	3,795	3,795
At March 31, 2019	$ 1,239,842	$ 2,077	$ 1,241,919

(19) Brokerage

	For the three months ended March 31,	
	2020	2019
Dealers' commissions	$ 1,106,145	$ 635,423

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

	For the three months ended March 31,	
	2020	2019
Revenue from sale of securities - dealing	$ 251,837	$ 131,892
Cost from sale of securities - dealing	(260,322)	(130,225)
Total	($ 8,485)	$ 1,667

(21) Clearance fee from consignation

	For the three months ended March 31,	
	2020	2019
Clearance fee from consignation - non-related parties	$ 12,396	$ 8,576
Clearance fee from consignation - related parties	10,610	7,559
Total	$ 23,006	$ 16,135

(22) Net gain on derivative financial instruments

	For the three months ended March 31,	
	2020	2019
Non-hedging		
Gain (loss) from futures contract interests		
Futures contract gains	$ 232,504	$ 150,828
Futures contract losses	(426,090)	(123,306)
	($ 193,586)	$ 27,522
Gain (loss) from options trading		
Gain from options trading	$ 296,006	$ 34,172
Loss from options trading	(75,485)	(41,703)
	$ 220,521	($ 7,531)
Gain (loss) from exchange rate derivatives trading		
Gain from exchange rate derivatives trading	$ 107,076	$ 36,792
Loss from exchange rate derivatives trading	(98,547)	(37,205)
	$ 8,529	($ 413)
Gain (loss) from equity derivatives trading		
Gain from equity derivatives trading	$ 327	$ -
Loss from equity derivatives trading	(522)	-
	($ 195)	$ -
Non-hedging		
Gains from derivative financial instruments	$ 635,913	$ 221,792
Losses from derivative financial instruments	(600,644)	(202,214)
	$ 35,269	$ 19,578

(23) Service charge

	For the three months ended March 31,	
	2020	2019
Service charge - brokerage	$ 246,938	$ 103,438
Service charge - dealing	3,137	851
Total	$ 250,075	$ 104,289

(24) Futures commissions

	For the three months ended March 31, 2020	For the three months ended March 31, 2019
Entrusted futures transaction	$ 118,227	$ 107,868
Futures auxiliary business	95,288	50,944
Total	$ 213,515	$ 158,812

(25) Clearance fee

	For the three months ended March 31, 2020	For the three months ended March 31, 2019
Clearance fee - brokerage	$ 183,891	$ 81,468
Clearance fee - dealing	2,099	590
Total	$ 185,990	$ 82,058

(26) Operating expenses

	For the three months ended March 31, 2020	For the three months ended March 31, 2019
Employee benefit expense	$ 209,810	$ 159,801
Depreciation expense	23,273	19,100
Amortisation expense	3,065	2,325
Postage and telephone costs	25,993	22,034
Tax expenses	34,046	20,147
Computer information expenses	27,377	25,589
Donation	22	40
Institutional membership fees	16,770	10,790
Operating lease payments	267	3,176
Repair charge	6,359	5,540
Advertising costs	9,288	7,435
Service expenses	2,665	4,120
Other expenses	8,034	14,151
Total	$ 366,969	$ 294,248

(27) Employee benefit expense

	For the three months ended March 31, 2020	For the three months ended March 31, 2019
Wages and salaries	$ 190,090	$ 140,056
Labor and health insurance fees	9,466	9,365
Pension costs	4,472	4,629
Post-employment benefits	673	458
Other personnel expenses	5,109	5,293
Total	$ 209,810	$ 159,801

A. In accordance with the Articles of Incorporation of the Company, when distributing earnings, the Company shall distribute bonus to the employees that account for 0.01%~5.00%, of the total distributed amount. For the three months ended March 31, 2020 and 2019, employees' compensation was both accrued at $900, and the aforementioned amounts were recognised in salary expenses.

B. Employees' compensation of 2019 as resolved at the meeting of Board of Directors were in agreement with those amounts recognized in the 2019 financial statements.

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

(28) Other gains and losses

	For the three months ended March 31, 2020	2019
Interest income	$ 224,044	$ 256,746
Gain (loss) on disposal of investments	450	(1,534)
Dividend income	2,572	1,235
Net currency exchange (loss) gain	(3,636)	3,132
(Losses) gains on financial assets at fair value through profit or loss	(18,184)	393
Others	20,702	34,208
Total	$ 225,948	$ 294,180

(29) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the three months ended March 31, 2020	2019
Current tax:		
Current tax on profits for the period	$ 74,801	$ 68,324
Total current tax	74,801	68,324
Deferred tax:		
Origination and reversal of temporary differences	4,319	(324)
Total deferred tax	4,319	(324)
Income tax expense	$ 79,120	$ 68,000

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 2018 have been assessed and approved by the Tax Authority.

(30) Earnings per share

	For the three months ended March 31, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per Share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 287,447	233,638	$ 1.23

	For the three months ended March 31, 2019		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per Share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 254,001	232,276	$ 1.09

(Blank)

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 67.97% 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 enterprises
Yuanta Cultural & Educational Foundation	The directors are the key management
Taiwan Securities Association	The directors are the key management
Polaries Research	Related parties in substance
Other	Refer to the same enterprise group, parent company, substantial related parties and its major shareholders, key management and its related investment enterprises and other companies or institutions who is also held by the Company's chairman of the director or general manager, or have spouse or relatives in the same position.

(3) Significant related party transactions and balances

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

	March 31, 2020		
	Bank deposits	Operating guarantee deposits	Customer margin deposits
Fellow subsidiary			
Yuanta Bank	$ 1,417,510	$ 140,000	$ 9,774,727

	December 31, 2019		
	Bank deposits	Operating guarantee deposits	Customer margin deposits
Fellow subsidiary			
Yuanta Bank	$ 1,563,503	$ 140,000	$ 9,428,093

	March 31, 2019		
	Bank deposits	Operating guarantee deposits	Customer margin deposits
Fellow subsidiary			
Yuanta Bank	$ 1,872,461	$ 140,000	$ 9,418,389

B. Leverage margin contract trading client margin deposits

	March 31, 2020	December 31, 2019	March 31, 2019
Fellow subsidiary			
Yuanta Bank	$ 314,111	$ 258,250	$ 142,162

C. Accounts receivable - related parties

	March 31, 2020	December 31, 2019	March 31, 2019
Fellow subsidiary			
Yuanta Securities Co., Ltd.	$ 6,202	$ 2,377	$ 3,146
Yuanta Bank	-	-	472
	$ 6,202	$ 2,377	$ 3,618

D. Other receivables - related parties

	March 31, 2020	December 31, 2019	March 31, 2019
Fellow subsidiary			
Yuanta Bank	$ 8,583	$ 12,297	$ 14,737
Yuanta Securities (Hong Kong) Co., Ltd.	62	63	-
Yuanta Securities Korea Co., Ltd.	-	52	-
	$ 8,645	$ 12,412	$ 14,737

E. Leasing arrangements－lessee

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

b. Lease liabilities

(a)Outstanding balance:

	March 31, 2020	December 31, 2019	March 31, 2019
Fellow subsidiary			
Yuanta Bank	$ 2,179	$ 2,606	$ 3,935
Yuanta Securities Co., Ltd.	21,019	26,125	41,455
	$ 23,198	$ 28,731	$ 45,390

(b)Interest expense

	For the three months ended March 31,	
	2020	2019
Fellow subsidiary		
Yuanta Bank	$ 5	$ 8
Yuanta Securities Co., Ltd.	49	93
	$ 54	$ 101

F. Refundable deposits

	March 31, 2020	December 31, 2019	March 31, 2019
Fellow subsidiary			
Yuanta Bank	$ 10,188	$ 10,188	$ 10,188
Yuanta Securities Co., Ltd.	5,155	5,155	5,155
The directors are the key management			
Taiwan Securities Association	300	300	300
	$ 15,643	$ 15,643	$ 15,643

G. Futures traders' equity

	March 31, 2020	December 31, 2019	March 31, 2019
Fellow subsidiary			
Yuanta Bank	$ -	$ -	$ 12,832
Yuanta Securities Co., Ltd.	17,663,927	3,464,477	3,206,692
Yuanta Securities (Hong Kong) Co., Ltd.	240,153	294,013	418,300
Yuanta Securities Korea Co., Ltd.	212,178	203,846	156,168
Funds managed by fellow subsidiary			
Funds managed by Yuanta Securities Investment Trust	28,401,319	24,237,500	24,315,517
President and significant shareholder of financial holding company and subsidiaries	28,406	20,732	31,743
Other related parties	49,038	32,856	37,607
	$ 46,595,021	$ 28,253,424	$ 28,178,859

H. Accounts payable - related parties

	March 31, 2020	December 31, 2019	March 31, 2019
Fellow subsidiary			
Yuanta Securities Co., Ltd.	$ 43,531	$ 14,505	$ 15,208

I. Other payables - related parties

	March 31, 2020	December 31, 2019	March 31, 2019
Parent Company			
Yuanta Financial Holdings	$ 289	$ 979	$ 22
Fellow subsidiary			
Yuanta Securities Co., Ltd.	300	262	259
President and significant shareholder of financial holding company and subsidiaries	1	40	-
The directors are the key management			
Taiwan Securities Association	-	15	-
Other related parties	5	-	-
	$ 595	$ 1,296	$ 281

J. Brokerage

	For the three months ended March 31,	
	2020	2019
Fellow subsidiary		
Yuanta Bank	$ 23	$ 13
Yuanta Securities Co., Ltd.	32,808	30,504
Yuanta Securities (Hong Kong) Co., Ltd.	1,651	912
Yuanta Securities Korea Co., Ltd.	948	479
Funds managed by fellow subsidiary		
Funds managed by Yuanta Securities Investment Trust	49,097	55,229
President and significant shareholder of financial holding company and subsidiaries	1,149	571
Other related parties	852	632
	$ 86,528	$ 88,340

K. Dividend income

	For the three months ended March 31,	
	2020	2019
Funds managed by fellow subsidiary		
Funds managed by Yuanta Securities Investment Trust	$ 810	$ -

L. Securities commissions revenue

	For the three months ended March 31,	
	2020	2019
Fellow subsidiary		
Yuanta Securities Co., Ltd.	$ 1,053	$ 921

M. Clearance fee from consignation

	For the three months ended March 31, 2020	For the three months ended March 31, 2019
Fellow subsidiary		
Yuanta Securities Co., Ltd.	$ 10,611	$ 7,559

N. Other operating revenues - Co-marketing revenue

	For the three months ended March 31, 2020	For the three months ended March 31, 2019
Fellow subsidiary		
Yuanta Securities Co., Ltd	$ 8	$ -

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

	For the three months ended March 31, 2020	For the three months ended March 31, 2019
Fellow subsidiary		
Yuanta Securities Co., Ltd.	$ 77,888	$ 41,973

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 March 31, 2020	For the three months ended March 31, 2019
Fellow subsidiary		
Yuanta Securities Investment Consulting	$ 900	$ 918
Yuanta Securities Co., Ltd	386	375
	$ 1,286	$ 1,293

Q. Interest income

	For the three months ended March 31, 2020	For the three months ended March 31, 2019
Fellow subsidiary		
Yuanta Bank	$ 34,510	$ 36,695
Yuanta Securities Co., Ltd	13	13
	$ 34,523	$ 36,708

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 March 31,	
	2020	2019
Fellow subsidiary		
Yuanta Bank	$ 1	$ -
Yuanta Securities (Hong Kong) Co., Ltd.	47	153
Yuanta Securities Co., Ltd.	799	645
Yuanta Securities Korea Co., Ltd.	57	99
	$ 904	$ 897

S. Property transactions

	March 31, 2020	December 31, 2019	March 31, 2019
Acquisition of financial assets			
Funds managed by fellow subsidiary			
Funds managed by Yuanta Securities Investment Trust	$ 95,675	$ 132,205	$ 20,000

The gains (losses) on disposal of funds managed by fellow subsidiary were $541 and ($367) for the three months ended March 31, 2020 and 2019, respectively.

As of March 31, 2020, the Company bought transportation equipment from Yuanta Securities Co., Ltd.. The price of transportation equipment is $590 and classified as equipment.

(4) Key management compensation

	For the three months ended March 31,	
	2020	2019
Salaries and other short-term employee benefits	$ 58,254	$ 52,043
Post-employment benefits	1,275	1,199
Other long-term benefits	448	423
	$ 59,977	$ 53,665

8. PLEDGED ASSETS

None.

9. SIGNIFICANT COMMITMENTS AND CONTINGENT LIABILITIES COMMITMENTS

None.

10. SIGNIFICANT LOSS FROM NATURAL DISASTER

None.

11. DERIVATIVE INSTRUMENT TRANSACTIONS

The Group had derivative financial instrument trading as follows:

March 31, 2020						
		Open Interest				
Item	Object of transaction	Buyer /Seller	Number of contract(s) (lot)	Margin paid (received)	Fair value	Remarks
Futures contracts (Domestic)	TX	Buyer	4	$ 7,675	$ 7,676	
	TX	Seller	296	(550,603)	(568,024)	
	MTX	Seller	965	(457,420)	(463,093)	
	Stock Futures	Buyer	277	22,427	21,402	
	Stock Futures	Seller	450	(49,096)	(46,507)	
Futures contracts (Overseas)	Index Futures	Buyer	6	2,265	2,285	
	Index Futures	Seller	7	(7,858)	(7,849)	
Option contracts (Domestic)	TXO	Buy call	2,745	37,644	40,295	
	TXO	Buy put	646	19,091	15,537	
	TXO	Sell call	634	(13,533)	(13,316)	
	TXO	Sell put	2,863	(112,538)	(119,497)	
	TGO	Buy call	36	250	315	
	TGO	Buy put	13	280	89	
	TGO	Sell call	56	(641)	(1,265)	
	TGO	Sell put	58	(684)	(563)	

		December 31, 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	2	$ 4,724	$ 4,798	
	TX	Seller	78	(187,763)	(187,106)	
	MTX	Buyer	174	104,870	104,381	
	MTX	Seller	31	(18,673)	(18,591)	
	Stock Futures	Buyer	354	110,528	117,632	
	Stock Futures	Seller	338	(61,304)	(61,832)	
	Metal Futures	Buyer	1	536	552	
	TF	Buyer	3	4,099	4,075	
Futures contracts (Overseas)	Index Futures	Buyer	59	81,425	81,295	
Option contracts (Domestic)	TXO	Buy call	683	5,502	9,558	
	TXO	Buy put	829	3,255	2,028	
	TXO	Sell call	537	(2,441)	(2,351)	
	TXO	Sell put	630	(4,133)	(1,865)	
	TGO	Buy call	13	31	27	
	TGO	Sell call	10	(24)	(33)	
	TGO	Sell put	2	(14)	(12)	
	Stock options	Buy put	3	11	6	
	TFO	Buy call	20	19	10	
	TFO	Buy put	40	65	36	
	TFO	Sell call	20	(10)	(3)	
	TEO	Sell put	10	(63)	(70)	
Option contracts (Overseas)	Futures options	Buy call	76	80	84	
	Futures options	Buy put	3	20	16	
	Futures options	Sell put	266	(330)	(270)	
	Futures options	Sell call	123	(492)	(552)	

March 31, 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	321	$ 640,759	$ 668,141	
	TX	Seller	3	(6,222)	(6,264)	
	MTX	Buyer	161	85,037	85,219	
	MTX	Seller	548	(253,211)	(278,135)	
	Stock Futures	Buyer	32	14,794	14,026	
	Stock Futures	Seller	34	(5,107)	(5,168)	
	TF	Buyer	5	(6,257)	(6,248)	
	TE	Buyer	2	3,405	3,429	
	TE	Seller	14	(23,837)	(24,002)	
	XIF	Seller	11	(13,780)	(13,894)	
Futures contracts (Overseas)	Index Futures	Buyer	2,476	7,175,978	7,162,887	
	Index Futures	Seller	2,681	(7,468,311)	(7,445,727)	
	Metal Futures	Buyer	5	13,017	12,806	
	Energy Futures	Seller	2	(3,636)	(3,707)	
	Foreign Exchange	Buyer	2	6,991	6,995	
	Grain Futures	Buyer	867	98,750	99,168	
Option contracts (Domestic)	TXO	Buy call	3,693	19,226	24,301	
	TXO	Buy put	3,716	18,579	10,016	
	TXO	Sell call	4,158	(19,485)	(25,974)	
	TXO	Sell put	4,002	(16,453)	(8,501)	
Option contracts (Overseas)	Futures options	Buy put	869	5,448	5,462	
	Futures options	Sell call	869	(2,400)	(364)	

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	March 31, 2020		March 31, 2019		Standard	Enforcement
		Calculation	Ratio	Calculation	Ratio		(Note 3)
17	*Equity* / *(Total liabilities – Future traders' equity)*	9,771,678 / 1,187,664	8.23	8,538,271 / 798,368	10.69	≧1	Satisfied
17	*Current assets* / *Current liabilities*	100,259,789 / 94,544,762	1.06	70,918,672 / 66,387,020	1.07	≧1	Satisfied
22	*Equity* / *Minimum paid – in capital (Note 1)*	9,771,678 / 1,060,000	921.86%	8,538,271 / 1,060,000	805.50%	≧60% ≧40% (Note 2)	Satisfied
22	*Adjusted net capital* / *Total margin deposit required for futures traders, not yet off-set*	6,688,364 / 22,426,007	29.82%	5,861,331 / 11,724,758	49.99%	≧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 21 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 three months ended March 31, 2020

	Brokerage segment	Dealing segment	Other operating segment	Total
Segment revenue	$ 1,123,825	$ 51,152	$ 66	$ 1,175,043
Segment profit	$ 392,482	$ 14,583	($ 40,498)	$ 366,567

For the three months ended March 31, 2019

	Brokerage segment	Dealing segment	Other operating segment	Total
Segment revenue	$ 660,628	$ 21,691	($ 6)	$ 682,313
Segment profit	$ 372,600	($ 6,714)	($ 43,885)	$ 322,001

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:

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Details of transactions			Percentage (%) of total consolidated revenues or assets
				Account	Amount	Conditions	
0	Yuanta Futures CO., LTD.	Yuanta Futures (Hong Kong) Limited	1	Cash	11,056	No significant difference from general customers.	0.01%
0	Yuanta Futures CO., LTD.	Yuanta Futures (Hong Kong) Limited	1	Margin deposit	586,228	No significant difference from general customers.	0.56%
0	Yuanta Futures CO., LTD.	Yuanta Futures (Hong Kong) Limited	1	Futures traders' equity	195,383	No significant difference from general customers.	0.19%
0	Yuanta Futures CO., LTD.	Yuanta Futures (Hong Kong) Limited	1	Brokerage	179	No significant difference from general customers.	0.02%
0	Yuanta Futures CO., LTD.	Yuanta Futures (Hong Kong) Limited	1	Futures commission	1,807	No significant difference from general customers.	0.15%
0	Yuanta Futures CO., LTD.	Yuanta Futures (Hong Kong) Limited	1	Interest income	264	No significant difference from general customers.	0.02%
0	Yuanta Futures CO., LTD.	Yuanta Futures (Hong Kong) Limited	1	Interest expense	23	No significant difference from general customers.	0.00%
1	Yuanta Futures (Hong Kong) Limited	Yuanta Futures CO., LTD.	2	Cash	58,839	No significant difference from general customers.	0.06%
1	Yuanta Futures (Hong Kong) Limited	Yuanta Futures CO., LTD.	2	Margin deposit	136,544	No significant difference from general customers.	0.13%
1	Yuanta Futures (Hong Kong) Limited	Yuanta Futures CO., LTD.	2	Futures traders' equity	597,284	No significant difference from general customers.	0.57%
1	Yuanta Futures (Hong Kong) Limited	Yuanta Futures CO., LTD.	2	Brokerage	1,807	No significant difference from general customers.	0.15%
1	Yuanta Futures (Hong Kong) Limited	Yuanta Futures CO., LTD.	2	Futures commission	179	No significant difference from general customers.	0.02%
1	Yuanta Futures (Hong Kong) Limited	Yuanta Futures CO., LTD.	2	Interest income	23	No significant difference from general customers.	0.00%
1	Yuanta Futures (Hong Kong) Limited	Yuanta Futures CO., LTD.	2	Interest expense	264	No significant difference from general customers.	0.02%

Note 1: The numbers in the No. column represent as follows:
1. 0 for the parent company.
2. According to the sequential order, subsidiaries are numbered from 1.

Note 2: There are three types of relationships with the counterparties and they are labeled as follows:
1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

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

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

Investor	Investee	Location	Set up date	FSC Approved Number	Main business activities	Initial investment amount		Shares held as at March 31, 2020			Operating revenue of the investee	Net income (loss) of the investee	Investment income (loss) recognized by the company	Cash dividend for the current period	Note
						Balance as at March 31, 2020	Balance as at December 31, 2019	Number of shares (in thousands)	Ownership (%)	Book value					
Yuanta Futures Co., Ltd.	Yuanta Futures (Hong Kong) Co., Ltd.	Hong Kong	2010.12.2	Gin-Gwen-Zheng-Qi Letter No. 0990055943	Financial Services	1,033,971	1,033,971	34,000	100.00%	987,569	$ 40,343	($ 10,302)	($ 10,302)	-	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%	283,932	-	(1,011)	(1,011)	-	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%	142,379	-	(1,050)	(1,050)	-	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 Company’s paid-in capital: None.

E. Handling fee discounts on transactions with related parties in excess of $5 million：None.

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

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

18. <u>DISCLOSURE OF INFORMATION ON SETTING UP BRANCH OFFICES AND REPRESENTATIVE</u>

None.

19. <u>DISCLOSURE OF INFORMATION ON INDIRECT INVESTMENT IN MAINLAND CHINA</u>

(1) Basic information:

Name of investee in Mainland China	Main business activities	Issued capital	Investment method (Note 1)	Beginning balance of foreign investment from Taiwan	Investment movement within this period		Ending balance of foreign investment from Taiwan	Net income of investee	Percentage of direct or indirect investment holding (%)	Gain (loss) recognized during the period (Notes 2) (2.C)	Book value as of March 31, 2020	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	($ 1,174)	100	($ 1,174)	$ 116,483	-

Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2020	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
$ 157,209	$ 174,000	$ 5,863,006

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. Major shareholders information

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

Major Shareholder \ Shares	Number of shares held (thousands)	Shareholding ratio
Yuanta Financial Holdings Co.,Ltd.	169,897	67.97%
Cathay Life Insurance Co.,Ltd.	21,274	8.51%
Luo Sheng Fong Co., Ltd.	17,660	7.06%

21. 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(22).

(3) Fair value information

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

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

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

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

B. Financial instruments not measured at fair value

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

(B) The fair value of financial assets at amortised cost - financial bonds is determined by using valuation techniques and categorized within Level 2 in the fair value hierarchy. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. As of March 31, 2019, the carrying amounts and fair values of financial assets at amortised cost - financial bonds were $92,534 and $92,530, respectively. As of March 31, 2020 and December 31, 2019, the Group did not hold financial assets at amortised cost.

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 March 31, 2020, December 31, 2019 and March 31, 2019 is as follows:

March 31, 2020	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Listed stocks	$ 46,374	$ -	$ -	$ 46,374
Beneficiary certificates	95,674	-	-	95,674
Open-End Fund	70,291	-	-	70,291
Futures	117,994	-	-	117,994
Options	56,236	-	-	56,236
Derivatives Assets - Leverage margin contract transaction	-	59,546	-	59,546
Financial assets at fair value through other comprehensive income				
Equity securities	801,040	-	1,410,881	2,211,921
Total	$ 1,187,609	$ 59,546	$ 1,410,881	$ 2,658,036
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Options	$ 134,641	$ -	$ -	$ 134,641
Security borrowing payable - non-hedging	5,336	-	-	5,336
Total	$ 139,977	$ -	$ -	$ 139,977

December 31, 2019	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Listed stocks	$ 74,289	$ -	$ -	$ 74,289
Beneficiary certificates	133,747	-	-	133,747
Open-End Fund	54,492	-	-	54,492
Futures	24,783	-	-	24,783
Options	11,765	-	-	11,765
Derivatives Assets - Leverage margin contract transaction	-	17,218	-	17,218
Financial assets at fair value through other comprehensive income				
Equity securities	581,447	-	1,518,539	2,099,986
Total	$ 880,523	$ 17,218	$ 1,518,539	$ 2,416,280
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Options	$ 5,156	$ -	$ -	$ 5,156
Security borrowing payable - non-hedging	66,943	-	-	66,943
Total	$ 72,099	$ -	$ -	$ 72,099

(Blank)

March 31, 2019	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Listed stocks	$ 16,509	$ -	$ -	$ 16,509
Beneficiary certificates	20,000	-	-	20,000
Open-End Fund	48,805	-	-	48,805
Futures	148,585	-	-	148,585
Options	39,779	-	-	39,779
Derivatives Assets - Leverage margin contract transaction	-	6,025	-	6,025
Financial assets at fair value through other comprehensive income				
Equity securities	420,465	-	1,426,737	1,847,202
Total	$ 694,143	$ 6,025	$ 1,426,737	$ 2,126,905

	Level 1	Level 2	Level 3	Total
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Options	$ 34,839	$ -	$ -	$ 34,839
Security borrowing payable	10,548	-	-	10,548
Total	$ 45,387	$ -	$ -	$ 45,387

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 three months ended March 31, 2020 and 2019, there were no transfer between Level 1 and Level 2.

F. The following table presents the changes in level 3 instruments for the three months ended March 31, 2020 and 2019.

		Equity securities
January 1, 2020	$	1,518,539
Gains and losses recognised in other comprehensive income (Note)	(	107,658)
March 31, 2020	$	1,410,881

		Equity securities
January 1, 2019	$	1,404,019
Gains and losses recognised in other comprehensive income (Note)		22,718
March 31, 2019	$	1,426,737

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

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

		Fair value at March 31, 2020	Valuation technique	Significant Unobservable input	Range (weighted average)
Non-derivative equity					
Non-listed stocks	$	1,410,881	Market approach	Price to earnings ratio multiple	28.55
				Discount of marketability	40%

		Fair value at December 31, 2019	Valuation technique	Significant Unobservable input	Range (weighted average)
Non-derivative equity					
Non-listed stocks	$	1,518,539	Market approach	Price to earnings ratio multiple	28.36
				Discount of marketability	40%

		Fair value at March 31, 2019	Valuation technique	Significant Unobservable input	Range (weighted average)
Non-derivative equity					
Non-listed stocks	$	1,426,737	Market approach	Price to earnings ratio multiple	26.85
				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%:

	March 31, 2020	
	Recognised in other comprehensive income	
	Favourable change	Unfavourable change
Financial assets		
Equity instrument	$ 4,703	($ 4,703)

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

	March 31, 2019	
	Recognised in other comprehensive income	
	Favourable change	Unfavourable change
Financial assets		
Equity instrument	$ 4,756	($ 4,756)

(4) System of risk management

A. Objectives of risk management

The Group controls any potential losses that might incur in operations within its tolerable limits by increasing completeness of risk management mechanism, establishing efficient risk management measures, models and systems, and monitoring the changes of whole risks strictly. The Group also puts efforts in allocating its capital more efficiently to raise the risk adjusted return on capital.

B. Risk management system

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

C. Organizational structure of risk management

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

a. First line of defense: this includes each business unit and each functional committee, whose personnel are serving in the operational or administration division and have responsibilities for risk identification, risk assessment and risk control.

b. Second line of defense: this includes high management level, Risk Management Department and Legal Compliance Department, which are responsible for risk monitoring, risk management and taking measures in response to risk issues in accordance with the Group's Risk Management Policy. The Group also takes part in the Risk Management Committee of Yuanta Financial Holding Co., Ltd. for integration of risk control and management in the Group.

c. Third line of defense: this includes the Board of Directors, Audit Committee and Auditing Office. Auditing Office conducts audits especially in the risk consideration to ensure every risk is under control.

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

a. The Board of Directors: The Board of Directors has ultimate responsibility for risk management on all businesses and operations in the Group; it shall be fully aware of every risk exposure to the Group, and then determines tolerable limit for every risk, allocates resources effectively, and authorizes relevant departments to execute risk measures for the achievement of effective risk management. The Board of Directors hears risk management and other related reporting by Risk Management Department, Auditing Office and Finance Department regularly to evaluate the impact of every risk and the impact on capital allocation, and determines responding strategies.

b. Audit Committee: Audit Committee directs the execution of the risk management system under the commission of the Board of Directors; its main duties include review of the Group's risk scopes and risk toleration capability, of the Risk Management Policy and relevant principles, and of annual authorized acceptable limit of risk of each kind, as well as directing the execution of the risk management system.

c. Risk Management Department: this department, an independent department under the Board of Directors, is responsible for market risk, liquidity risk and credit risk management, and controls operational risk with Auditing Office together; its main duties include daily risk monitoring and assessments of risk management affairs. Risk Management Department exercises its authority independently from business units and trading activities, and holds accountability to the Board of Directors directly. By employing the risk management information system, Risk Management Department monitors trading conditions in the futures market during the trading time every day and performs analyses after the closing of trading time; it also checks the use status of risk limits authorized to each business unit, and assesses risk exposures and extent of risk concentration, and submits risk management reports regularly.

d. Auditing Office: Auditing Office, an independent department under the Board of Directors, is responsible for legislation and internal control system compliance management, operational risk management and supervision of operational risk management procedures. In accordance with the internal control rules of regulatory authorities, and adjusted operational risk management procedures appropriately in line with the amendments to the regulations of regulatory authorities, Taiwan Futures Exchange and Chinese National Futures Association or for the changes in the Group's business.

e. Legal Compliance Department: this department is responsible for review of legal compliance for the Group's businesses, operations, trading and transaction contracts/documents and offering legal options on those aspects and pushing the execution of legal compliance within the Group together with Auditing Office.

f. Each business unit: Each business unit is liable for the first-line risk management. The directors of each business unit are in charge of the whole risk management on businesses and trading activities of the unit, including analyzing and controlling risk exposures, drawing up responding plans and taking measures against risk when necessary, and also conveying related information to Risk Management Department to ensure the risk control mechanism and procedures are all effectively executed, and comply with the legislation and the Group's Risk Management Policy and regulations.

D. Procedures of risk management

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

(A) Risk identification: The Group identifies risks, through business and product analyses, that may arise during the courses of operations, including market risk, credit risk, liquidity risk, operational risk, legal risk and model risk, and finds out risk factors of risk exposure of each kind, selects appropriate method of risk measurement, and establishes risk indexes and judgment principles and risk control procedures that can be connected to the internal information system.

(B) Risk measurement: The Group measures market risk by using scenario analysis, sensitivity analysis and VaR model and credit risk by using the credit rating system, option pricing model (ex. KMV) and following the Group's credit risk assessment rules. Operational risk is controlled by establishing standard operating procedures, establishing internal and external event notification mechanism, reviewing current operating procedures and employing operational risk management methods.

(C) Risk management: Risk monitoring and control are performed through the use of risk management tools, establishment of acceptable limits of risks and division of authority and responsibilities. Different risk management tools and information systems and statements are developed and employed for different risks to raise the efficiency and quality of risk management.

(D) Risk reporting: Risk information and risk management performing results are compiled as risk management statements or reports. These results are disclosed periodically and provided as a reference to the management in making risk management policy and rules.

E. Hedging and risk diminishing strategies

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

(5) Market risk

The Group's financial assets include bank deposits, government bonds, treasury bonds, bank debentures, negotiable certificates of deposit, commercial papers or other short-term notes and bills authorized by Ministry of Finance, domestic listed stocks, securities investment trust funds, offshore funds authorized by competent authorities to be raised and sold in ROC, futures trust funds, futures trading listed in Article 5 of Futures Trading Act, hedging trading of bond options and other financial instruments authorized by competent authorities. The fair value of these financial assets would be changed by the fluctuations of market prices or interest rates.

To manage market risk, the Group has established the Rules of Financial Instruments Investment Risk Management, including Rules of Dealer Trading Risk Management and Rules of Medium and Long-term Securities Investment Risk Management, and established various control mechanisms based on the characteristics of financial instrument risks, such as position limits, stop-loss amounts and exception management. The Group also conducts market risk quantitative management by employing VaR model in the measurement and control of market risk of each position.

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

<Table>VaR of Trading of Different Types

Period: January 1 ~ March 31, 2020

Amount in thousands of NTD

Type of Trading	Equity	Commodity	Foreign Exchange Rate	Interest Rate	Total
March 31, 2020	$ 2,652	$ 120	$ 504	$ -	$ 1,967
Average	4,179	165	414	-	4,176
Lowest	791	10	276	-	728
Highest	49,719	383	1,676	-	48,760

Period: January 1 ~ March 31, 2019

Amount in thousands of NTD

Type of Trading	Equity	Commodity	Foreign Exchange Rate	Interest Rate	Total
March 31, 2019	$ 22,780	$ 209	$ 823	$ -	$ 23,103
Average	9,567	301	680	-	9,497
Lowest	875	-	471	-	799
Highest	28,244	748	1,376	-	27,654

Note 1： Trading included futures dealer trading and securities dealer trading.

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 March 31, 2020, the highest was Taiwan with 84.78%, the second was Europe with 7.19% and the third was Asia (excluding Taiwan) with 6.09%. Compared to the same period last year, the proportion of investments in Asia has decreased slightly in this period.

	March 31, 2020	December 31,2019	March 31, 2019
Taiwan	$ 86,622,901	$ 61,515,791	$ 59,738,688
Asia (excluding Taiwan)	6,221,259	4,717,801	10,180,290
Europe	7,350,486	3,125,186	1,809,171
America	1,975,504	1,807,520	1,892,818
Other	1,624	1,611	-
Total	$ 102,171,774	$ 71,167,909	$ 73,620,967

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 99.92% 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.

	March 31, 2020	December 31, 2019	March 31, 2019
Privately owned businesses	$ -	$ -	$ 20,000
Financial institutions	102,086,840	71,061,489	73,502,589
Public enterprises	4	4	4
Other	84,930	106,416	98,374
Total	$ 102,171,774	$ 71,167,909	$ 73,620,967

(B) Analysis of credit risk levels

a. Credit risk rating is categorized into Excellent, Standard, Below standard, Other and the definitions are illustrated below:

(a) Excellent: The underlying position or an entity is capable of fulfilling its financial commitment even if facing significant uncertain factors or exposed to an adverse condition.

(b) Standard: The underlying position or an entity's capacity to fulfill the contractual obligation is at an acceptable level, and any adverse movement toward operation, finance or economy could further weaken its capacity to fulfil financial commitment.

(c) Below standard: The underlying position or an entity's capacity to fulfill the contractual obligation is weak, and the fulfillment of the contractual commitment depends on the advantageous movement in operating environment and financial status.

(d) Other: This level shows that the counterparty or the underlying asset does not fulfill contractual obligations, or for other reasons fails to (or not) be applied with the internal credit risk ratings.

b. As of March 31, 2020, the credit quality levels of the Group's financial assets were classified as follows: Excellent is 95.25%, standard is 4.72%. The result of credit quality level classification did not change significantly in this period compared to the corresponding period of last year.

	March 31, 2020	December 31, 2019	March 31, 2019
Excellent	$ 97,318,331	$ 66,793,869	$ 69,809,908
Standard	4,819,777	4,276,467	3,709,643
Below standard	33,666	97,573	101,416
Total	$ 102,171,774	$ 71,167,909	$ 73,620,967

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:

	March 31, 2020			
		Lifetime		
	12 months	Significant increase in credit risk	Credit impaired	
	Without past due or within 30 days	More than 30 days	More than 90 days	Total
Expected loss rate	0%	99.29%	100%	
Total book value	$ 12,000	$ -	$ 85,579	$ 97,579
Loss allowance	$ -	$ -	($ 85,579)	($ 85,579)
Maximum exposure amount	$ 12,000	$ -	$ -	$ 12,000

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

	March 31, 2019			
		Lifetime		
	12 months	Significant increase in credit risk	Credit impaired	
	Without past due or within 30 days	More than 30 days	More than 90 days	Total
Expected loss rate	0%	97.84%	100%	
Total book value	$ -	$ -	$ 87,430	$ 87,430
Loss allowance	$ -	$ -	($ 87,430)	($ 87,430)
Maximum exposure amount	$ -	$ -	$ -	$ -

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

	For the three months ended March 31, 2020			
		Lifetime		
	12 months	Significant increase in credit risk	Credit impaired	
	Without past due or within 30 days	More than 30 days	More than 90 days	Total
January 1, 2020	$ -	$ -	($ 86,409)	($ 86,409)
Provision for impairment	-	-	-	-
Reversal of impairment loss	-	-	830	830
Write off	-	-	-	-
March 31, 2020	$ -	$ -	($ 85,579)	($ 85,579)

	For the three months ended March 31, 2019			
		Lifetime		
	12 months	Significant increase in credit risk	Credit impaired	
	Without past due or within 30 days	More than 30 days	More than 90 days	Total
January 1, 2019	$ -	($ 2,326)	($ 86,810)	($ 89,136)
Provision for impairment	-	-	(1,465)	(1,465)
Reversal of impairment loss	-	1,018	-	1,018
Write off	-	1,308	845	2,153
March 31, 2019	$ -	$ -	($ 87,430)	($ 87,430)

b. Bond investments

The expected credit loss (ECL) model is primarily based on the following three parameters: probability of default (PD), loss given default (LGD), and exposure at default (EAD).

(a) Probability of default: Calculated using the default rate tables published by external credit rating agencies and incorporating forward-looking information.

(b) Loss given default: Calculated based on the guarantees and the priority of claims of the debt instrument, and the average recovery rates published by external credit rating agencies.

(c) Exposure at default: total carrying amount (including interest receivable). The carrying amount is measured at amortized cost before any adjustments to the allowance for losses.

(d) The expected credit loss of the investments in debt instrument at amortized cost of the Group, within 12 months, as of March 31, 2020, December 31, 2019 and March 31, 2019, are as follows:

	March 31, 2020	December 31, 2019	March 31, 2019
	12 months	12 months	12 months
Expected loss rate		-	0.037%~0.068%
Total book value	$ -	$ -	$ 92,587
Loss allowance	-	-	(53)
Maximum exposure amount	$ -	$ -	$ 92,534

(e) The Group has no life time expected credit loss of the investments in debt instrument at amortized cost as of March 31, 2020, December 31, 2019 and March 31, 2019.

(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:

	2020	2019
	12 months	12 months
At January 1,	$ -	(53)
Reversal of impairment	-	-
March 31,	$ -	($ 53)

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

	March 31, 2020	December 31, 2019	March 31, 2019
	12 months	12 months	12 months
Financial assets at amortised cost			
Group 1	$ -	$ -	$ 92,534
	$ -	$ -	$ 92,534

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.

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

Cash flow analysis of financial liabilities on March 31, 2020

		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	$ 139,977	$ -	$ -	$ -	$ -	$ 139,977
214080	Futures traders' equity	94,392,010	-	-	-	-	94,392,010
214100	Leverage margin contract transaction traders' equity	211,163	-	-	-	-	211,163
214130	Accounts payable	-	306,004	-	-	-	306,004
214140	Accounts payable-related parties	-	43,531	-	-	-	43,531
214170	Other payables	-	88,386	130,245	1,899	197	220,727
214180	Other payables-related parties	-	595	-	-	-	595
216000	Lease liabilities - current	-	8,927	26,883	-	-	35,810
219000	Other current liabilities	-	22,434	11,715	-	-	34,149
226000	Lease liabilities - non-current	-	-	-	23,126	-	23,126
	Total	$ 94,743,150	$ 469,877	$ 168,843	$ 25,025	$ 197	$ 95,407,092
	Percentage (%) of overall	99.30%	0.49%	0.18%	0.03%	0.00%	100.00%

Cash flow analysis of financial liabilities on December 31, 2019

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	$ 72,099	$ -	$ -	$ -	$ -	$ 72,099
214080	Futures traders' equity	64,525,451	-	-	-	-	64,525,451
214100	Leverage margin contract transaction traders' equity	225,185	-	-	-	-	225,185
214130	Accounts payable	1,858	102,557	-	-	-	104,415
214140	Accounts payable-related parties	-	14,704	-	-	-	14,704
214170	Other payables	-	48,536	201,687	1,899	197	252,319
214180	Other payables-related parties	-	1,296	-	-	-	1,296
216000	Lease liabilities - current	-	5,854	30,235	-	-	36,089
219000	Other current liabilities	-	11,001	4,717	-	-	15,718
226000	Lease liabilities - non-current	-	-	-	31,884	-	31,884
	Total	$ 64,824,593	$ 183,948	$ 236,639	$ 33,783	$ 197	$ 65,279,160
	Percentage (%) of overall	99.30%	0.28%	0.37%	0.05%	0.00%	100.00%

Cash flow analysis of financial liabilities on March 31, 2019

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	$ 45,387	$ -	$ -	$ -	$ -	$ 45,387
214080	Futures traders' equity	66,917,385	-	-	-	-	66,917,385
214100	Leverage margin contract transaction traders' equity	132,766	-	-	-	-	132,766
214130	Accounts payable	3,034	97,101	-	-	-	100,135
214140	Accounts payable-related parties	-	15,370	-	-	-	15,370
214170	Other payables	-	59,561	87,182	1,899	197	148,839
214180	Other payables-related parties	-	281	-	-	-	281
219000	Other current liabilities	-	29,533	10,128	-	-	39,661
226000	Lease liabilities	-	-	-	51,050	-	51,050
	Total	$ 67,098,572	$ 201,846	$ 97,310	$ 52,949	$ 197	$ 67,450,874
	Percentage (%) of overall	99.47%	0.30%	0.15%	0.08%	0.00%	100.00%

The analysis of cash flow gap on March 31, 2020

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	$ 1,951,149	$ 1,790,867	$ 2,203,581	$ -	$ -	$ 5,945,597
112000	Financial assets at fair value through profit or loss-current	446,115	-	-	-	-	446,115
113200	Financial assets at fair value through other comprehensive income-current	801,040	-	-	-	-	801,040
114070	Margin deposits	94,866,810	-	-	-	-	94,866,810
114080	Futures trading margin receivable	12,000	-	-	-	-	12,000
114100	Security lending deposits	6,556	-	-	-	-	6,556
114130	Accounts receivable	-	21,929	-	-	-	21,929
114140	Accounts receivable-related parties	-	6,202	-	-	-	6,202
114170	Other receivables	-	31,357	-	-	-	31,357
114180	Other receivables-related parties	-	8,645	-	-	-	8,645
114300	Leverage margin contract trading Client margin deposits	314,111	-	-	-	-	314,111
119990	Other current assets	-	13	-	-	-	13
123200	Financial assets at fair value through other comprehensive income-non-current	-	-	-	-	1,410,881	1,410,881
129010	Operating guarantee deposits	-	-	-	-	147,914	147,914
129020	Clearing and settlement funds	-	-	-	-	538,389	538,389
129030	Refundable deposits	-	-	-	38,488	-	38,488
	Subtotal	$ 98,397,781	$ 1,859,013	$ 2,203,581	$ 38,488	$ 2,097,184	$ 104,596,047
	Cash inflow	$ 98,397,781	$ 1,859,013	$ 2,203,581	$ 38,488	$ 2,097,184	$ 104,596,047
	Cash outflow	94,743,150	469,877	168,843	25,025	197	95,407,092
	The amount of capital gap	$ 3,654,631	$ 1,389,136	$ 2,034,738	$ 13,463	$ 2,096,987	$ 9,188,955

The analysis of cash flow gap on December 31, 2019

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	$ 1,186,961	$ 2,367,422	$ 1,670,562	$ -	$ -	$ 5,224,945
112000	Financial assets at fair value through profit or loss-current	316,294	-	-	-	-	316,294
113200	Financial assets at fair value through other comprehensive income-current	581,447	-	-	-	-	581,447
114070	Margin deposits	64,708,416	-	-	-	-	64,708,416
114100	Security lending deposits	45,844	-	-	-	-	45,844
114130	Accounts receivable	-	55,995	-	-	-	55,995
114140	Accounts receivable-related parties	-	2,377	-	-	-	2,377
114170	Other receivables	-	31,441	-	-	-	31,441
114180	Other receivables-related parties	-	12,412	-	-	-	12,412
114300	Leverage margin contract trading Client margin deposits	258,250	-	-	-	-	258,250
119990	Other current assets	-	18	-	-	-	18
123200	Financial assets at fair value through other comprehensive income-non-current	-	-	-	-	1,518,539	1,518,539
129010	Operating guarantee deposits	-	-	-	-	145,799	145,799
129020	Clearing and settlement funds	-	-	-	-	535,686	535,686
129030	Refundable deposits	-	-	-	38,487	-	38,487
	Subtotal	$ 67,097,212	$ 2,469,665	$ 1,670,562	$ 38,487	$ 2,200,024	$ 73,475,950
	Cash inflow	$ 67,097,212	$ 2,469,665	$ 1,670,562	$ 38,487	$ 2,200,024	$ 73,475,950
	Cash outflow	64,824,593	183,948	236,639	33,783	197	65,279,160
	The amount of capital gap	$ 2,272,619	$ 2,285,717	$ 1,433,923	$ 4,704	$ 2,199,827	$ 8,196,790

The analysis of cash flow gap on March 31, 2019

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	$ 665,978	$ 3,363,094	$ 1,211,187	$ -	$ -	$ 5,240,259
112000	Financial assets at fair value through profit or loss-current	279,703	-	-	-	-	279,703
113200	Financial assets at fair value through other comprehensive income-current	420,465	-	-	-	-	420,465
113300	Financial assets at amortised cost-current	-	-	92,534	-	-	92,534
114070	Margin deposits	67,141,096	-	-	-	-	67,141,096
114100	Security lending deposits	10,261	-	-	-	-	10,261
114130	Accounts receivable	-	18,634	-	-	-	18,634
114140	Accounts receivable-related parties	-	3,618	-	-	-	3,618
114170	Other receivables	-	20,670	-	-	-	20,670
114180	Other receivables-related parties	-	14,737	-	-	-	14,737
114300	Leverage margin contract trading Client margin deposits	142,162	-	-	-	-	142,162
119990	Other current assets	-	82	-	-	-	82
123200	Financial assets at fair value through other comprehensive income-non-current	-	-	-	1,426,737	-	1,426,737
125800	Right-of-use assets	-	-	-	50,982	-	50,982
129010	Operating guarantee deposits	-	-	-	-	145,891	145,891
129020	Clearing and settlement funds	-	-	-	-	524,015	524,015
129030	Refundable deposits	-	-	-	38,215	-	38,215
	Subtotal	$ 68,659,665	$ 3,420,835	$ 1,303,721	$ 1,515,934	$ 669,906	$ 75,570,061
	Cash inflow	$ 68,659,665	$ 3,420,835	$ 1,303,721	$ 1,515,934	$ 669,906	$ 75,570,061
	Cash outflow	67,098,572	201,846	97,310	52,949	197	67,450,874
	The amount of capital gap	$ 1,561,093	$ 3,218,989	$ 1,206,411	$ 1,462,985	$ 669,709	$ 8,119,187

(8) Currency risk

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

(Foreign currency: functional currency)	March 31, 2020		December 31, 2019		March 31, 2019	
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	$ 1,293,941	30.2250	$ 1,080,059	29.9800	$ 1,140,870	30.8200
JPY/NTD	507,224	0.2788	450,194	0.2760	647,895	0.2783
HKD/NTD	131,145	3.8980	118,124	3.8490	85,663	3.9260
EUR/NTD	12,051	33.2400	14,979	33.5900	19,808	34.6100
GBP/NTD	7,642	37.2500	6,926	39.3600	6,336	40.1100
AUD/NTD	6,376	18.6350	5,346	21.0050	9,841	21.8550
SGD/NTD	1,713	21.2300	555	22.2800	37	22.7500
CNY/NTD	102,402	4.2550	99,350	4.3050	128,350	4.5800
USD/HKD	64,429	7.7534	75,003	7.7874	75,971	7.8500
CNY/HKD	56,863	1.0918	30,047	1.1183	15,651	1.1666
EUR/HKD	726	8.5311	746	8.7266	784	8.8138
JPY/HKD	45,129	0.0715	36,090	0.0717	19,106	0.0709
NTD/HKD	112,964	0.2563	51,468	0.2587	31,726	0.2547
USD/ CNY	2,140	7.0427	2,104	6.9879	6,858	6.6812
Financial liabilities						
Monetary items						
USD/NTD	1,281,556	30.2250	1,042,784	29.9800	1,130,653	30.8200
JPY/NTD	486,749	0.2788	445,428	0.2760	694,311	0.2783
HKD/NTD	128,258	3.8980	114,290	3.8490	70,374	3.9260
EUR/NTD	12,010	33.2400	14,961	33.5900	19,786	34.6100
GBP/NTD	7,633	37.2500	6,914	39.3600	6,329	40.1100
AUD/NTD	6,370	18.6350	5,341	21.0050	9,747	21.8550
SGD/NTD	1,710	21.2300	554	22.2800	36	22.7500
CNY/NTD	101,178	4.2550	99,457	4.3050	127,421	4.5800
USD/HKD	39,454	7.7534	47,572	7.7874	48,027	7.8500
CNY/HKD	39,051	1.0918	12,359	1.1183	16,132	1.1666
EUR/HKD	348	8.5311	410	8.7266	613	8.8138
JPY/HKD	39,410	0.0715	30,445	0.0717	16,502	0.0709
NTD/HKD	110,474	0.2563	50,716	0.2587	31,579	0.2547

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 ended March 31, 2020 and 2019 amounted to ($3,636) and $3,132, respectively.

(Blank)