



Yuanta Securities Co., Ltd.

2019 Annual Report

I. Name, Title, Telephone and Email of Spokesperson and Deputy Spokesperson

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VI. Address, Telephone and Website of Credit Rating Agencies

Credit Rating Agencies	Address	Telephone	Website
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Fitch Australia Pty Ltd, Taiwan Branch	37F., No. 100, Songren Rd., Taipei, Taiwan	(02)8175-7600	https://www.fitchratings.com/zh/region/taiwan

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Section One

Letter to Shareholders

I. Domestic and international financial environments

Looking back on 2019, given the trade disputes between China and the USA, and Japan and Korea, Brexit and geopolitical risk, the global economic growth tended to be sluggish. OECD and IHS Global Insight (IHS) predicted that the global economic growth rate would be 2.9% (November 21, 2019) and 2.6% (December 16, 2019), respectively, in 2019. Domestically, in consideration of the factors, such as the phenomenon of order transfers derived from the Sino-US trade conflict, increasing investment moved back by outbound Taiwanese entrepreneurs and the increase in the investment in semi-conductor equipment, driving the domestic demand growth, the economic growth rate was expected to be 2.73% (January 21, 2020) in 2019. For the stock market, since TWSE weighted index made history by reaching 10,000 points in February 11, the index has stayed above 10,000 points. The index reached 11,997.14 points at the end of the year, increasing by 2,269.73 points throughout the year, i.e. an increase of 23.33%. The daily turnover of NT\$156.3 billion in 2019, a decrease by NT\$9.7 billion, the decrease range 5.86%, from NT\$166 billion in 2018. The averaged margin trade balance in the market serving as the private investors' indicator was decreased from NT\$227.9 billion in 2018 to NT\$178.5 billion in 2019, i.e. a decrease by NT\$49.4 billion, the decrease range 21.69%.

II. Results of implementation of the business plan in the previous year

In the past year, the global economy was affected incidentally as a result of the persisting trade ware between China and the USA. Notwithstanding, the whole securities firms still sought fair earnings after launching various services actively. According to the statistics gathered by TWSE, the profit sought by the whole securities firms was NT\$40.7 billion in 2019, i.e. a yearly increase rate by 38%, from NT\$29.5 billion in 2018. The Company sought the profit amounting to NT\$8.964 billion, i.e. 22% of the profit sought by the whole securities industry. The Company balanced its business development in all respects and diversified the sources of earnings, thereby helping the Company seek more profit than the peers in the same trade.

The Company's performance in various operations in 2019 is summarized as following:

- The brokerage services secured the market share of 12.09%, which is larger than that owned by the securities firm in 2nd place in the market by 1.47 times;

- Upon inclusion of the subsidiaries in the margin trading operations, average market share of margin trading, 19.32%, namely 2.69 times of that owned by the securities firm ranking 2nd place in the same market; average market share of short sale, 24.38%, namely 3.07 times that owned by the securities firm ranking 2nd place in the same market; market shares of TPEX business by investment bank, 32.65%, higher than that owned by the securities firms in 2nd place in the same market by 1.53 times.
- The amount and number of call (put) warrants issued by the Company was NT\$97.290 billion and 7,827, respectively, i.e. market shares of 23.81% and 22.22%, both in the first place in the market.
- The various bond operations also outperformed peers in the same trade significantly. Among other things, the underwritten corporate bonds and financial bonds amounted NT\$100.25 billion, i.e. market share of 18.7%, and the market shares owned by the asset swap services, asset swap options, and CLN were 32.08%, 43.15% and 42.92%, respectively, all in the first place in the market;
- The wealth management trust services secured the market share of 29.35%, which is larger than that owned by the securities firm in 2nd place in the market by 1.56 times;
- The ETF secured the market share of 10.9%, which is larger than that owned by the securities firm in 2nd place in the market by 3.4 times;
- The lending services (upon inclusion of subsidiaries) secured the market share of 57.23%, which is larger than that owned by the securities firm in 2nd place in the market by 6.39 times;
- The securities borrowing/lending services secured the market share of 33.8%, which is larger than that owned by the securities firm in 2nd place in the market by 1.37 times;
- The e-trading services secured the market share of 16.04%, which is larger than that owned by the securities firm in 2nd place in the market by 1.7 times;

For R&D, the Company will cooperate in response to the relevant business lines allowed by the competent authority and continue developing new financial and wealth management products. The Company plans to issue the new financial products, such as leverage ETF, inverse ETN, and Equity-Linked Securities (ELS), in 2020 to provide customers with more diversified products and financial services, and increase the Company's benefits at the same time. Further, the Company will continue to improve the "Mr. Yuanta" APP functions, construct the new-generation e-trading, eYuanta (AP

version of Mr. Yuanta), add the strategic trading platform, and e-trading platform for OTC products, in order to provide investors with more diversified investment tools and sound investment experience.

Furthermore, Yuanta Securities will continue improving the variety and completeness of wealth management product lines and build the brand new private banking 2.0 wealth management service, so that customers are presented with wider options in asset allocation. Yuanta Securities also strives to enhance brokerage, securities borrowing and lending, securities loaning, international financial business, investment banking, proprietary trading, bonds, and financial derivatives trading practices and to connect the Company overseas trading platforms, in order to become a professional wealth management organization able to provide customers with the opportunities to control the global financial investment.

For risk controls, in addition to the routine monitoring on the market risk and other related operational risks, the Company also controlled the capital adequacy ratio effectively. The Company's capital adequacy ratio was 330% at the end of 2019, which afforded to satisfy the overall business development planning and needs. Meanwhile, the Company also responded to the Group's overall planning, worked together to promote the performance of corporate social responsibility and played the role dedicated to practicing various ESG operations. The Company's parent company, Yuanta Financial Holdings, was selected by "DJSI World Index" and "DJSI Emerging Markets Index" at the same time this year. In the "Comprehensive Financial Service" ratings by industry, it was the only one financial company nominated as one of the Top 10 in the world. Yuanta Financial Holdings ranked as a global benchmarking enterprise in the performance of sustainability operations including promotion of environment (E), society (S) and corporate governance (G). Further, in response to the amendments and adjustment on the related governance matters and regulations, the Company also practiced the policy boosted by the competent authority to enhance corporate governance operations. In response to the amendments made by TWSE to the "Standard Directions for the Content and Procedures of Assessment of Legal Compliance of Securities Firms" for the additions of related requirements including "establishment of legal compliance risk management framework," "independent legal compliance responsibility" and "fulfillment of legal compliance performance report and supervision," the Company also used the best effort to establish related management procedures and frameworks to execute the legal compliance risk management mechanism and practice the legal compliance performance and supervision effectively.

III. Credit ratings and awards & honors

The Company's excellent operating performance and high stability in the past year have been highly recognized by the rating company. In 2019, the Company was awarded the long-term credit rating "twAA" and short-term credit rating "twA-1+" by the Taiwan Ratings Corporation, and the outlook rating remained "Stable" as same as 2018.

In addition to the outperforming credit ratings, the Company was also honored the following awards from various professional organizations in 2019:

- **[National Brand Yushan Award]**

"Outstanding Enterprise Award," "Most Popular Brand Award," "Best Products: AI Stock Selection and Order APP-Mr. Yuanta," "the first place in the Best Products: AI Stock Selection and Order APP-Mr. Yuanta;"

- **Ministry of Economic Affairs, R.O.C.**

[Digital Contents Product Award]

"2019 - 'Mr. Yuanta' APP;"

- **Taiwan Stock Exchange Corporation (TWSE)**

"Marketable Securities Award-Securities Underwriter-1st place," "Economic Stimulation Award-IPO Fund-Raising-2nd place," and "Economic Stimulation Award-IPO Market Value-1st place."

[2019 Warrant Issuers and Securities Brokers Trading Incentive Activity]

"Warrant Trading Volume Award-1st place," "Warrant Value Excellent Award-1st place," "Warrant Issuance Volume Sprinting Award-3rd place," and "Warrant Talent Award-6th place: Branch Companies in Zhongli and Caotun;"

- **Taipei Exchange (TPEX)**

"Many Options Award-1st place," "Unimpeded Options Award-1st place," "Best Contribution Award-3rd place," "Stable Quotation Award-1st place," "E Hero Award for the First Half of Year-3rd place," "E Hero Award for the Second Half of Year-1st place," and "Market-Making Hero for the Second Half of Year-1st place;"

- **Securities and Futures Institute**

"SFI Award-Outstanding Financial Innovation," and "SFI Award-Outstanding Green Fund-Raising;"

- **TCSA**

“Talent Development Award,” and “Innovative Growth Award;”

- **Commercial Times**

“Best Mobilization Award,” and “TWKC Awards (Branch companies in Donglu, Kaiyuan, Nanhai, Luzhu, Neihu and Luodong);”

- **Excellence**

[2019 Excellence Securities Evaluation]

“Best Branding Award;”

- **Business Today**

[Wealth Management Bank and Securities Assessment of 13th Term]

“Best Wealth Management Securities Award,” “Best Product Award,” “Best Sale Representative Team Award,” “Best Wealth Increment Award,” “Best Smart Wealth Management Award,” and “Best Risk Control Award;”

[Best Brand Award of 12th Term]

“Comprehensive Securities Sector Award-1st place;”

- **Wealth Magazine**

[Wealth Management Awards]

“Best Wealth Management,” “Best Wealth Increment,” “Best Service,” “Best Recommendation by Customers,” “Best Sale Representative Team Award,” “Best Creative Marketing Graphic Design” and “Best Digital Banking;”

[Consumer Financial Brand Award]

“Best Securities House Golden Prize,” and “Best Securities House Service Golden Prize;”

[FinTech innovation and application]

“Best FinTech Securities Golden Prize;”

- **BusinessNext**

[2019 Future Commerce Awards]

“Mr. Yuanta APP-Best Product Innovation Bronze Prize;”

- **Asiamoney**

“2019 Best Securities House in Taiwan”, ”Taiwan’s Best Local Brokerage 1990 to 2018”, ”Best Local Brokerage in Taiwan”, ”Best overall sales services, Taiwan”, ”Best for

overall country research, Taiwan”

- **Euromoney**

“Best Investment Bank in Taiwan”

- **The Asset**

“Best Equity Derivatives House, Taiwan”, “Best ETF Market Maker, Taiwan—Highly Commended”, “Best Participating Dealer, Taiwan”, “Best ETF Broker, Taiwan”, “Top arrangers — Investors' Choice for primary issues — Corporate bonds — TWD”, “Top sellside firms in secondary market — Corporate bonds — TWD”, “Top arrangers — Investors' Choice for primary issues — Government bonds — TWD”, “Top sellside firms in secondary market — Government bonds — TWD”, “No. 4 for Best Individuals in Sales — Jay Hsu”, “Best corporate and institutional adviser—Domestic”, “Best equity adviser “, “Best bond adviser—Domestic (NT dollar bonds)”, “Best green bond”, “Best IPO”

- **FinanceAsia**

“Best Broker in Taiwan”, “Best Investment Bank in Taiwan”, “Best ECM House in Taiwan”

- **Asia Banking & Finance**

“Corporate & Investment Bank of the Year—Taiwan”

Said awards and honors shall not only remain vested in all shareholders, customers and employees, but also represent the Company’s self-expectation committed to the wide customer base to keep improving. The Company will keep upholding its expertise and aim to maximize customers’ wealth as its mission. With the efforts spent by various business units, the Company will achieve more outstanding results and performance in next year.

IV. Effect of the legal & regulatory environment, external competitive environment and entire operating environment

Looking forward to 2020, for the international economy, the 1st-stage agreement has been reached through negotiation between China and the USA. Besides, the Brexit situation has been clearer and clearer. The uncertain international factors seem to be somewhat mitigated. This will be helpful to the global economy. OECD and IHS forecast that the global economic growth rates will be 2.9% and 2.5%, respectively. In consideration of the trading transfer and effect produced by the repatriation of investment capital, the domestic demand is expected to grow stably in Taiwan. Notwithstanding, the global economic outlook is still affected by the trade conflicts which remain unsolved. Besides, the domestic demand tends to be sluggish increasingly and the expansion momentum appears to become sluggish too in China. The Directorate-General of Budget,

Accounting and Statistics thus forecast a 2.72% economic growth rate (November 29, 2019) in Taiwan for 2020. Given the adoption of related policies in the domestic securities market in 2020, the competent authority is expected to continue its previous policy to help the industrial development and successively release multiple new regulations, regulations, and policies, including the Draft of “New Wealth Management Program” released by FSC at the end of 2019, which consists of 19 permitted business lines for the three major businesses engaged in finance. In the meantime, certain parts of the Draft are expected to be promulgated and implemented prior to Q1 of this year at the earliest. Additionally, the sublaws, including the “Management, Utilization, and Taxation of Repatriated Offshore Funds Act,” “Regulations Governing the Financial Investment, Management, and Utilization of Repatriated Offshore Funds” and “Regulations on Industries Investment from Repatriated Offshore Funds” officially promulgated and enforced on August 15, 2019, are expected to expire for one year prior to the middle of August this year. Considering that the preferential tax rate 8% (10% since 2nd year until expiration of two years) will be allowed to the overseas capital repatriated within one year after said laws and regulations were promulgated, it is expected that before the middle of August this year, there will be considerable capitals moved back to Taiwan for investment, so as to promote the industrial upgrading, increase the employment opportunities and drive domestic economic development in Taiwan, thereby resulting in the increase in the government’s internal revenue indirectly. Besides, TWSE’s continuous trading system will be implemented since March 23 this year, and the intraday odd-lot trading is expected to be released in Q4 and the Association will promote reduction of the tax imposed on hedging transactions for warrants and clarification of the tax imposition on ETN issuers. As a result, the domestic capital market will develop in a more diversified manner and, therefore, this will help securities firms provide customers with more complete financial services.

V. Business policy and development strategy of this year

The business policy and development strategy for the Company’s major business lines in 2019 are stated as following:

- (1) The Company will continue to maintain its traditional core brokerage services and further develop its wealth management services to create the double profit-seeking engines for the securities and brokerage services. To implement the data AI analysis; identify the customer group structure subject to the customer’s investment attributes to achieve the group management; drive the policy for business promotion to fulfill the wealth management business and commodity KYP and satisfy customers’ needs.
- (2) Continue to promote the systematic investment plan for fund; organize promotional events to solicit retail investors and new customers and activate dormant accounts; integrate related

business units to solidify the products available on the wealth management product platform in width; boost the “potential branches” and develop “financial merchants” to expand the customer base; control the business opportunities derived from repatriation of overseas capital and new financial policies to promote the momentum for wealth management operations.

- (3) Continue to implement the diversified marketing model integrating loaning, develop different customer structures and complement its financing activities effectively. Strengthen the ability to make market for securities borrowing/lending service, develop sources of securities to provide resources, strengthen the source of securities obtained from the natural person, reduce the Company’s borrowing/lending cost, and increase the revenue from related commission. Continue to promote overseas sub-brokerage services, add the trading markets, overseas instruments and sub-brokerage financing that comply with laws and regulations.
- (4) Upon implementation of the continuous matching mechanism and intraday odd-lot trading policy, tally and adjust the order-placing, market-making and hedging systems, or upgrade or develop new systems to secure its competitive strength. Expand the scope of market making, and extend participation in various instruments listed on TWSE and TAIEX.
- (5) Participate in the underwriting of related bonds, and maintain the market position; add the types of structured notes denominated in foreign currencies (e.g. Preferred stock leverage notes and bear notes) and external channels; increase the trading volume of spot foreign exchange, join Taipei Foreign Exchange Market, increase external trading counterparts, reduce the capital cost; participate in overseas subsidiaries’ fixed income market, and build the Group’s institutional investor platform for international cases.
- (6) Continue to proceed with the R&D, design and sale of self-made structured notes and upgrade the asset management scale of the Company; continue organizing various marketing campaigns aiming at raising customers’ brand recognition toward Yuanta Securities to secure market leadership; promote the ETN development; develop the new version of the securities and warrant system.
- (7) Actively develop the investment banks’ overseas market and cooperation of investment banks’ cross-border platforms, and upgrade the proportion of revenue from overseas operations; refer the opportunities for business cooperation to the Group and affiliates; integrate related business resources, provide customers with the Total Solution, balance the quality of cases and business development, and conduct the business by weighing quality and quantity equivalently.
- (8) Improve the functions of the order placement APP, Mr. Yuanta, integrate various mobile trading platforms, build the new-generation e-Yuanta (Mr. Yuanta AP version) and strategic trading platforms, and provide investors with better investment experience; optimize the back-office operations, upgrade online services, enhance competitiveness among peers, introduce new customer bases, solicit for retail investors and new customers and activate dormant accounts.
- (9) Adjust the investees’ capital and organizational framework; continue to strengthen fund liquidity, large-sum exposure to financing position, proprietary trading and product issuance risk management mechanism, early warning system for risk and mechanism for reporting material profit and loss incidents.

- (10) Yuanta Securities will keep watching the environment of laws & regulations for the entire capital market and the development in the same trade in Mainland China, and following up the schedule adopted by the cross-strait securities competent authorities to lift certain policies to control the chance to access the market in Mainland China.

Yuanta Securities was featured on the TV wall of Nasdaq Tower at the Time Square in New York on December 12, 2019 as the first securities house based in Taiwan featured on Nasdaq Tower at the Time Square, making a significant moment for it. In the recent years, Yuanta Securities have used the best efforts to develop its overseas market and kept in line with the international trend with respect to its business services, market information and investment platforms. “We Know Asia” poses the most significant brand impression to investors accordingly. The Company will keep creating more choices available to investors in the spirit of ongoing innovation, and also continue to expand its business domain in the Asian market and balance various business developments domestically and overseas, in order to become the best securities service firm in Asia.

Section Two

Company Profile

I. Date of Incorporation:

June 26, 1996

II. Company History

- | | |
|------|--|
| 1996 | In June 1996, the government approved the establishment of the company with paid-in capital of NT\$1.00 bn. In August 1996 the company formally commenced operations as a proprietary bond trader. |
| 1997 | August of 1997 saw the company name changed to Fuhwa Securities Co., reflecting the widening range of services the company provided. In September, capital was increased by NT\$332 mn and an additional public offering was carried out, following the merger with Shinong Securities Co., Ltd., bringing the total paid-in capital to NT\$1.332 bn. In October, the company began to operate as an integrated securities firm offering securities brokerage, trading, underwriting, and registrar services. |
| 1998 | The Hsinchu branch was opened in January 1998. In February, a capital increase of NT\$2.668 bn boosted total paid-in capital to NT\$4.00 bn. In the same month, the Jhenggong, Facai, Fuying, Yingge, Taoyuan, Dayi, Yongkang, Gaofu, Linyuan, and Juguang branches were opened. In May, the Jhanghua, Dasin, Dongtai, Sanmin, and Dunbei branches were opened, followed by the Nantou, Luzhu, and Jhubei branches in June, and the Sanduo branch in August. In September, the Miaoli and Shilin branches were opened, followed by the Xiluo branch in October. Following this, headquarters and branch offices started to provide IB (Introducing Broker) services on a phased basis. In November the Guoyu, Jhushan, and Dalin branches were opened. |
| 1999 | In January 1999, the Dali, Chongde, and Taiping branches were established. In August the Sanduo branch was renamed as the Cianjhen branch. In October, the Dasheng branch was renamed as the Taichung branch. In November, the company began conducting securities transactions electronically. |
| 2000 | In March 2000, Fuhwa Holdings (incorporated in the British Virgin Islands) was established and the Jinmen branch was opened. Capital was increased by NT\$924.015 mn for a total paid-in capital of NT\$4.924015 bn following the acquisition of Everwell Securities in April, while the Yongsin, Songshan, Mengjia, Tainmu, and Dongmen branches opened. In July, the Shueili and Fongyuan branches were opened. A capital increase of NT\$358.985 mn was sourced from earnings and capital reserves in August, bringing total paid-in capital to NT\$5.283 bn. Fuhwa Securities (Hong Kong) was also founded. |
| 2001 | In January 2001, the company began to engage in securities-related proprietary futures trading. The Shalu branch opened in the same month, followed by the Sinsing branch in June. A capital increase of NT\$327 mn out of earnings, employee bonuses, and capital reserves as well as a further capital increase by NT\$600 mn in cash brought paid-in capital to NT\$6.21 bn. In November the company began to accept orders to buy and sell foreign securities (sub-brokerage), while the Pingdong, Pingnan, |

- Chaozhou, and Qishan branches opened, and the Fushan branch closed. In December, an EGM (Extraordinary shareholders' meeting) received the approval of Yuanta Securities and Fuhwa Securities Finance jointly establishing Fuhwa Financial Holding Co., Ltd. In the same month the Jiali, Shanhua and Guiren branches were added, while the Shueili branch was closed.
- 2002 In January 2002, Fuhwa Investment Management (incorporated in the British Virgin Islands) was set up and officially brought into Fuhwa Financial Holdings as a subsidiary in February. In March, the Datung branch was opened. In September, a capital decrease of NT\$257.014 mn was carried out through the cancellation of treasury shares, reducing total paid-in capital to NT\$5.952986 bn. A NT\$1.00 bn cash capital increase in October increased paid-in capital to NT\$6.952986 bn. In December, six new branches opened, including the Shatian, Xitun and Dajia branches.
- 2003 In April 2003, the Taipei branch was opened, while the Shalu branch was closed in June. A new branch opened in Toufen in July.
- 2004 In January 2004, the Dadu branch was renamed as the Tainan branch. The Guting branch was opened in February. Another capital increase of cash totaling NT\$1.00 bn in March increased paid-in capital to NT\$7.952986 bn. Also in March the Fuxing and Dalong branches were opened, followed by the World Trade Center branch in April. The Minzu, Zihyou, Huwei and Xindian branches opened for business in May, followed by the Banqiao branch in June. In August, Fuhwa Futures Management Co. was established. In September, a NT\$460 mn capital increase (from earnings) raised paid-in capital to a total of NT\$8.412986 bn. In October, the Yongsin branch closed down. In December, the company's designated operating funds for the proprietary trading of securities and futures were increased by NT\$600 mn.
- 2005 In April 2005, a NT\$489.952 mn capital increase (sourced from earnings) increased paid-in capital to NT\$8.902938 bn. In August, Fuhwa Securities (Hong Kong) was dissolved. In September, the Sanmin branch ceased operations, followed by the Guting branch in October and the Tainan and Fuxing branches in November.
- 2006 In January 2006, the Chenggong, Toufen, Dajia and Banqiao branches were closed. A cash capital increase of NT\$1.50 bn brought total paid-in capital to NT\$10.402938 bn. In March, the Cianjhen branch ceased operations and Fuhwa Investment Management (BVI) was dissolved in July. In October, Fuhwa Futures Management ceased operations and was dissolved.
- 2007 In June, the company changed its name to Yuanta Securities; Yuanta Securities then merged with Yuanta Core Pacific Securities in September, with Yuanta Securities being the successor company. Post-merger paid-in capital was valued at NT\$69.679 bn. Following the merger, capital was decreased by NT\$16.00 bn in September, reducing post-merger capital to NT\$53.679 bn. At the same time, Judy Tu Ma was elected Chairperson. In November, in order to attain synergies within the Yuanta Group, holdings in Yuanta Securities Investment Consulting and Yuanta Futures were sold to Yuanta Financial Holdings Company, making them wholly-owned subsidiaries

of Yuanta FHC. Following the merger, the number of branches totalled 149, but this was reduced to 145 by the year end.

- 2008 In February, Yuanta Securities participated in the issuance of three equity warrants in Singapore, becoming the first securities firm in Taiwan to participate in an overseas equity warrant issuance. In March, the Stock Registrar Department was relocated to Chengde Road. In July, Yuanta Securities implemented a capital reduction of NTD 10.00 bn, brought its equity (post-reduction) to NTD 43.679 bn. In September, Yuanta Securities obtained a letter of permission from the governing authority to perform wealth management services. Branch offices that were closed this year: Word Trade Center branch, northern Taichung branch, southern Chongcing branch (January), Sindian branch (August), Taichung downtown branch (September) for a total of five branches, bringing the total number of branch offices to 140. Overseas subsidiaries Fuhwa Holdings (BVI), Ltd. was renamed Yuanta Securities Holding (BVI), Ltd. in April and became a fully-owned (100% equity) subsidiary of Yuanta Securities Asia Financial Services.
- 2009 In April, Yuanta Securities launched sub-brokerage operations and established a Strategic Trading Department. A capital increase of US\$50 mn was made in sub-subsidiary Yuanta Securities (Hong Kong), increasing the company's paid-in capital to HK\$708.132 mn. In May, Yuanta Securities underwrote the issuance of Taiwan depositary receipts (TDR) by Ju Teng, the world's leading manufacturer of notebook computer casings. In July, the company was named Taiwan's best securities firm for 2009 by FinanceAsia. In September, the company announced the establishment of Taiwan's first China story-focused warrant product, the Hang Seng H-Share Index ETF (HSHETF) Warrants. In October, Asiamoney awarded Yuanta Securities "Asia's Best Securities Firm 1990-2008", making us the only Taiwanese company to have ever received such an honor.
- 2010 With the opening of the Nankan Branch in February, total branches numbered 141. In May, Yuanta Securities became the first to bring a foreign enterprise – IML Inc. - to Taiwan for a successful public listing. In June, Yuanta Securities carried out a capital increase of 327.374 mn shares from the transfer of retained earnings to achieve equity of NT\$46.953 bn following the increase. In October, Yuanta Securities established a compensation committee, financing and other credit transaction operations were brought in-house, and the e-Commerce Department was renamed as the Channel Marketing Department.
- 2011 Yuanta Securities Asia Financial Services Co., Ltd. sold the shareholding of "Kim Eng Holdings Limited" to Aseam Credit Sdn Bhd on January 6. On October 11, the Board approved the merger of Polaris Securities Co., Ltd. In December, the Financial Supervisory Commission, Executive Yuan approved the merger of Polaris Securities Co., Ltd. and the company name is still "Yuanta Securities Co., Ltd.," with the merger base date scheduled for April 1, 2012.
- 2012 Polaris Securities Co., Ltd. was merged with the Company in April. An additional 48 branches were set up, for a grand total of 189 branches. The capital increase from the merger was NT\$20.219 bn and total capital amounted to NT\$67.173 bn. Capital

reduction of NT\$12 bn was arranged in September and total capital amounted to NT\$55.173 b4n thereafter. The Panchaio Branch was closed in October. Team Pro Securities Co., Ltd. was acquired in November. Therefore, with two more branches, there was now a grand total of 190 offices in service.

Domestic reinvestment: Yuanta Securities Investment Trust Co., Ltd., the subsidiary, merged with Polaris Securities Investment Trust Co., Ltd. in May. The Company's entire shareholding of Yuanta Securities Investment Trust Co., Ltd. was transferred to Yuanta Financial Holding Co., Ltd. in September.

Foreign reinvestment: Yuanta Securities (Hong Kong) Co., Ltd. acquired part of the operating assets of Polaris Securities (Hong Kong) Co., Ltd. in July. The representative office in Guangzhou was closed in November.

2013 In order to integrate resources and upgrade efficiency, the following companies were consolidated this year: Chunghua (January), Neihu Science Park (May), Peining, Taipei World Trade Center (June), Sun Hsinchu Science Park, Jhongshan of Jhongli, Pingtung (August), Sanmin, Peimen of Hsinchu (October), Hualien, Hsingtung (November), Tun An, Chung Hsiao Yenching and Wenshan (December), and as a result, the Company owned 176 business locations, including the headquarters and branch companies.

Offshore reinvestment: Complete the registration of Yuanta Investment Consulting (Beijing) Co., Ltd. in June

2014 E-commerce department and Operations center set up in January and March respectively; Offshore Securities Unit was established in April.
The total number of branches is 162 at the end of 2014. The following companies were consolidated this year: Heping, Fengyuan (January), Tainan-Ximen, Mingcheng (February), Chengzhong (April), Dong-Kaohsiung (June), Zhongshan, Chang-an, Da-Chiayi (July), Jin-Tainmu (August), Jiantan, Ziyou, Song-nan, Toufen-Chunghua (October)

Overseas affiliates: The joint venture MOU of the establishment of securities company in China is signed in February. Tongyang Securities Inc. officially became a subsidiary of Yuanta Securities Financial Services in June. PT AmCapital Indonesia is acquired in September and Yuanta Finance (Hong Kong) and Yuanta International Investment (Hong Kong) were going to be established. The Tongyang Savings Bank Inc. was disposed to Yuanta Bank in November.

2015 Consolidation of domestic branch offices: May (Yenping) - a total of 161 branch offices
Overseas investment: Yuanta Securities (UK) was founded in April. PT AmCapital Indonesia (previously renamed as "PT Yuanta Securities Indonesia", and now known as "PT Yuanta Sekuritas Indonesia") and 99.99% of the equity of PT AMCI Manajemen Investasi (now known as "PT Yuanta Asset Management") officially became subsidiaries of Yuanta Securities (HK). In July, Yuanta Polaris Securities (HK) was renamed Yuanta Securities (HK). In October, Yuanta Securities (Korea) disposed of YT Capital.

2016 Consolidation of domestic branch offices: March (Zhangrong), June (Xihu), August (North Tainmu and Fu Zhong), September (Gongguan and Dunxin), October (Fuxing,

Zhubei Dongmen, Zhongqing, Kaohsiung Qianjin, Daya), November (Kaohsiung Qixian and Gaofu) - a total of 148 branch offices.

Overseas investment: The Company acquired KKTrade, a Thailand-based securities firm, via Yuanta Securities Asia Financial Services, later renamed into Yuanta Securities (Thailand) in July.

2017 In February, the Company's Board of Directors passed the amendments to "Articles of Association of Remuneration Committee", and the Committee was renamed into Remuneration Committee.

Consolidation of domestic branch offices: November (Taoyuan) - a total of 147 branch offices.

Domestic investment: Polaris Insurance Agency was dissolved and liquidated in August.

Overseas investment: In January, PT Yuanta Securities Indonesia was renamed into PT Yuanta Sekuritas Indonesia; in October, the liquidation of Shanghai Xinsheng Investment Consulting was completed. In December, Yuanta Securities Asia Financial Services and Yuanta Securities (HK) completed the acquisition of equity of First Securities Joint Stock Company in Vietnam in part and after that, the shareholdings of Yuanta Securities Asia Financial Services was 50.76% and the shareholdings of Yuanta Securities (HK) was 49.19%, and both companies held a total of 99.95% shareholdings and said company was renamed as "Yuanta Securities Vietnam Joint Stock Company" on February 13, 2018. Yuanta Securities Asia Financial Services completed the disposition of Grand Asia Asset Management, 50% of shares of which were held by Yuanta Securities, and also Grand Asia Capital Services (Singapore) wholly owned by Grand Asia Asset Management.

2018 Overseas investment: On July 26, 2018, the Board of Directors passed the motion for dissolution and liquidation of Yuanta Securities (UK). On August 17, 2018, the FSC approved the wind-up and liquidation. The record date for liquidation was set on November 1, 2018, since then Yuanta Securities (UK) has not engaged in any business activities.

On November 29, 2018, the Company's subsidiary, Yuanta Securities Asia Financial Services, completed the acquisition of 0.01% of the remaining minority equity of Yuanta Securities Vietnam Joint Stock Company. After that, the shareholdings of Yuanta Securities Asia Financial Services and Yuanta Securities (HK) in Yuanta Securities Vietnam Joint Stock Company were 85.24% and 14.76% respectively. That is, both companies held a total of 100% shareholdings.

2019 The Group was reorganized in March, and Yuanta Securities Finance became a subsidiary of the Company. The Changgung Branch was established in July. Upon the recapitalization of special earnings, NT\$3,763,879 thousand, in December, the paid-in capital increased to NT\$57,820,321 thousand.

Consolidation of domestic branches: August (Shuban/Xinli) - A total of 146 branches

Overseas investment: Upon approval of the competent authority in Vietnam, the State Securities Commission (SSC), Yuanta Securities Vietnam Joint Stock Company was officially renamed Yuanta Securities Vietnam Limited Company on June 14. In July, the Company received the approval from the competent authority for windup of Yuanta

Securities Holdings (BVI) and conducting liquidation. On September 17, Yuanta Securities Asia Financial Services increased the capital of Polaris Securities (Hong Kong) with 100% of the equity held by it in Yuanta Asia Investment in kind. Upon completion of the capital increase, Yuanta Asia Investment became a subsidiary wholly owned by Polaris Securities (Hong Kong), and Polaris Securities (Hong Kong) was renamed as Yuanta Asia Investment (Hong Kong) on September 24.

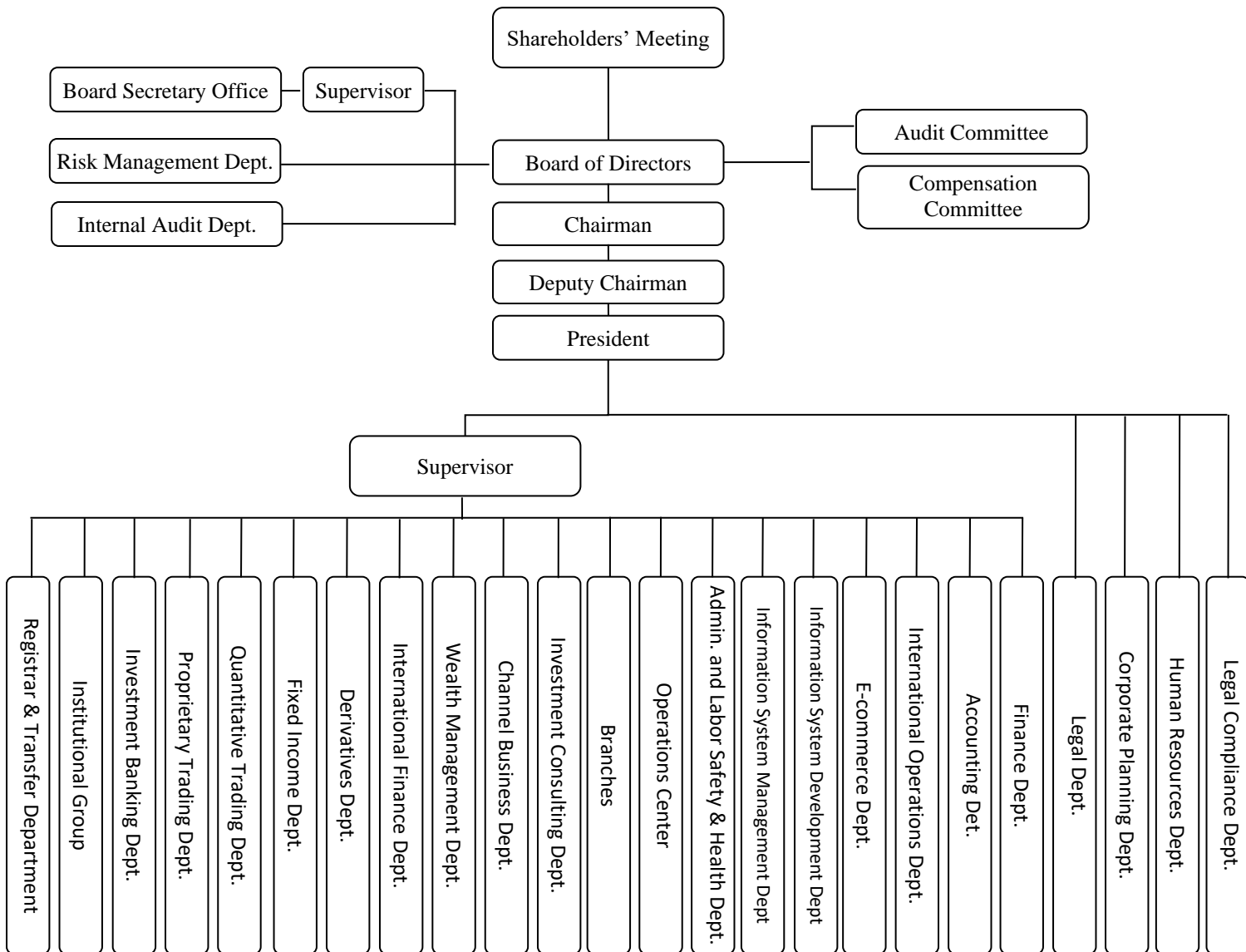
Section Three

Corporate Governance Report

I. Organization

(I) Organization chart

Date: Jan. 31, 2019



(II) Departmental Duties and Responsibilities

Chairman:

Act on behalf of the Company externally, and as the chairperson of shareholders' meetings and directors' meetings

President:

In charge of the Company's business management per the resolution made by a directors' meeting and Chairman's order.

Supervisor:

Help the president supervise the business and operation of various departments/offices and branch offices of the head office.

Board Secretary Office:

Responsible for administrative matters pertaining to the board of directors, Audit Committee, and functional committees subordinate to the board of directors.

Internal Audit Department:

The Audit & Approval Department is to audit all divisions (including subsidiaries) regarding their enforcement of internal controls. Makes improvement proposals and tracks corrective actions.

Risk Management Department:

Manages and controls risks facing the company, such as market risk, credit risk, model risk, liquidity risk, and systemic risk. Monitors all sales divisions during securities trading hours and conducts post-trading analysis.

Corporate Planning Department:

Maps out short-, mid- and long-term development plans, analyzes sales performance, Market staff integration process, conducts market surveys, communicates with the public, promotes corporate government practices and conducts research on ad-hoc projects.

Legal Department:

Responsible for the drafting and management of all external contracts; consulting on and handling of legal disputes, lawsuits, and non-contentious cases.

Legal Compliance Department:

Responsible for establishing legal compliance systems and auditing the business unit compliance to ensure that all processes and management regulations comply with legal requirements.

Brokerage Department:

Accepts orders to trade TWSE/TPEX listed stocks, futures, and other financial products as approved by law.

Investment Banking Department:

Manages financial and operational evaluation, M&A, and other consulting services for domestic and foreign issuing companies, as well as TSE/OTC IPOs, corporate financing, and underwriting and sale of equity securities.

Proprietary Trading Department:

Engage in trading of domestic/overseas securities as listed, OTC and emerging stocks, bonds and beneficiary certificates, as well as futures and options, upon the competent authority's approval.

Strategic Trading Department:

Engage in the global trading of spot goods and financial derivatives approved by the competent authority, per the principles for mitigating or dispersing investment portfolio risk.

Quantitative Trading Department:

Engage in the proprietary trading approved by the competent authority, and carry out private trading, market making, spread trading, interest arbitrage transaction and hedging of various instruments.

Finance Department:

Responsible for overall financial structuring planning, cash flow management, treasury, etc.

Accounting Department:

Responsible for the establishment and implementation of the accounting system; tax planning and regular reporting; consolidating company-wide accounting and bookkeeping, publishing and reporting of financial statements; establishing company-wide budgets; planning and computation of profit center systems; and applying for administrative relief in certain tax cases.

Administration and Labor Safety & Health Department :

Responsible for the procurement, repair and management of company assets, electronic machines, communications systems, equipment, and stationery articles used in the company, as well as occupational safety and health, general affairs, administration and the (re)application and documentation of related licenses with the competent authority, as well as the handling of matters related to the employee welfare and benefit committee.

Information System Management Department:

In charge of planning, making and managing information security, hardware equipment, data centers and data storage & application.

Information System Development Department:

In charge of planning, analyzing and executing information application services.

Human Resources Department:

Recruits and hires new employees, plans and promotes personnel matters such as educational and professional training, employee development, performance control, payroll, and labor-management relations. Drafts and amends personnel rules and regulations, handles various personnel administrative duties such as leave of absence and insurance issues, licenses and certificates.

Fixed Income Department:

Responsible for the trade, repurchase, and resale transactions of bonds, bills, beneficiary securities, and asset backed securities; plans for the issuance of fixed income instruments including bonds, beneficiary securities, asset backed securities, and structured products; also, conducts interest rate derivatives business.

Channel Business Department:

Responsible for channel operation and marketing strategy planning and implementation, performance evaluation, various marketing management systems and database control, marketing education and training and relevant administrative operations, various business units' channel services, communication & coordination and promotion of business, customer service and processing of customer complaints.

Derivatives Department

Proprietary trading and strategic trading of warrants, financial derivatives and convertible bonds, and also responsible for ETF trading and futures proprietary trading (warrants, ETF and index futures related business only).

Registrar & Transfer Department:

Develops and undertakes registrar business, provides and handles shareholder services and collects shareholder proxy voting materials.

International Operations Department:

Plans and executes short-term, mid-term, and long-term overseas business development

strategies, establishment of management mechanism, and business performance analysis. The Department supervises overseas subsidiaries to establish and control financial management, compliance, and risk management. The Department also plans, promotes, and supervises overseas business platforms; also, conducts strategic communication with international institutes.

Wealth Management Department:

Responsible for the integration of retail channel and institutional accounts and the overall coordination of development and planning for onshore and offshore financial commodities, including onshore and offshore channel training and support, transaction planning and implementation, as well as client asset distribution recommendations and management, market consulting services, wealth investment planning, insurance and tax assessments, and related matters.

Institutional Group:

Executes orders from institutional investors to trade TSE/OTC listed securities, futures, and other financial products as approved by law. Provides institutional investors with relevant market information; also, commissioned by clients to buy and sell international securities and financial commodities permitted by law.

International Finance Department:

Responsible for the commissioned buying and selling of listed securities, futures, and other financial commodities permitted by law; provides clients with related market information and services; also, handles margin loan and stock loan business.

E-commerce Department :

Responsible for e-commerce strategy planning and management of related products, development of e-trading platforms, online new business model development marketing and planning, and e-platform control, etc.

Operations Center:

Handles settlement and closure of securities trading for clients and engages in margin loan and securities financing transactions.

Investment Consulting Department

Engaged in securities investment consulting-related activities

Branches:

- A. Domestic Securities Unit (DSU):Accept orders to trade TWSE/TPEX listed securities, provide futures IB (introducing broker) services and engage in other financial products transactions.
- B. Offshore Securities Unit(OSU):Brokerage, Proprietary trading, wealth management, offshore securities underwriting, account custodian, securities related foreign currency business and other international securities related business with FSC's permission.

II. Information Regarding Directors, Supervisors, Management Team and Branch Managers

(I) Information Regarding Directors and Supervisors

Baseline date: Jan. 31, 2020

Titles	Nationality	Name	Sex	Date elected (taken office) (YYYY/MM/DD)	Term of office(Not e)	First elected	Shareholding when elected		Current shareholding		Spouse and minor children's current shareholdings		Shareholding by nominee arrangement		Education and selected past positions	Current additional positions	Spouse or relatives within two degrees who are managers, directors or supervisors			Remarks (Note 2)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Chairman	R.O.C.	Yuanta Financial Holding Co., Ltd. Representative: Hsiu-wei (Vincent) Chen	Male	2019/6/1	3 yrsrs	2007/6/5	Total of 5,405,644,238 shares collectively held by Yuanta Financial Holding Co., Ltd.	100%	Total of 5,782,032,146 shares collectively held by Yuanta Financial Holding Co., Ltd.	100%	—	—	—	—	B.A., Law, National Chung Hsing University; Chief Strategy Officer, Chief Legal Officer, Executive vice president, Yunata Financial Holdings Co., Ltd.; Chairman, Yuanta Asset Management Co., Ltd.; Chairman, Yuanta Securities (Hong Kong); Director, Yuanta Futures Co., Ltd.; Director, Yuanta Investment Consulting(Beijing) Ltd.; Director, Excutive Vice President, Yuanta Securities Co., Ltd.; Director, Yuanta Venture Capital Co., Ltd.; Supervisor, SYF Information Co., Ltd.; Supervisor, SYF Information(Shanghai) Co., Ltd.;	Director, Yuanta Securities Asia Financial Services Co., Ltd.; Director, Yuanta Securities (Hong Kong) Co., Ltd.; Director, Yuanta Asia Inbvestment Ltd.; Director, Yuanta AMC Co., Ltd.; Director, Yuanta Foundation	—	—	—	—
Deputy Chairman	R.O.C.	Yuanta Financial Holding Co., Ltd. Representative: Ming-ong (Ted) Ho	Male	2019/6/1	3 yrsrs	2014/6/26					—	—	—	—	M.B.A., Business Administration, University of Washington, USA; B.A. in Banking, National Chengchi University; Chairman and Director, Yuanta Futures Co., Ltd.; Director, Yuanta Commercial Bank Co., Ltd.; Director, Polaris Securities Co., Ltd.; Director and Supervisor, Taiwan Futures Exchange Co., Ltd.; Chairman of the 4th and 2nd term of Chinese National Futures Association; Director, Waterland Financial Holding Co., Ltd.; Director, Life Towel Industrial Corporation; Supervisor, United Daily News Group's; Ph.D. in Laws, Chengchi University; Chairman , Yuanta Securities Co., Ltd.; Director, Yuanta Financial Holding Co., Ltd.	Director, Yuanta Securities Asia Financial Services Co., Ltd.; Director, Yuanta Foundation; Director, Yuanta Foundation Public welfare; Director, Taipei Exchange; Vice Chairman, Taiwan Securities Association ; Director, Kwong Fong Industries Group of Companies; Director, Taiwan Depository & Clearing Corporation	—	—	—	—
Director	R.O.C.	Yuanta Financial Holding Co., Ltd. Representative: Ting-chien (Tony) Shen	Male	2019/6/1	3 yrsrs	2007/9/23					—	—	—	—	Junior College student of Taipei Municipal School of Commerce; Chairman, Director, President, Yuanta Financial Holding Co., Ltd.; Chairman , Yuanta Securities Co., Ltd.; Vice Chairman, Yuanta Securities Asia Financial Services Co., Ltd.; Chairman, Yuanta Securities (Hong Kong); Director and Executive Vice President, Yuanta Core Pacific Securities Co., Ltd.	Chairman, Yuanta Financial Holding Co., Ltd.; Director, Yuanta Foundation;	—	—	—	—
Director	R.O.C.	Yuanta Financial Holding Co., Ltd. Representative: Wei-cheng (Bobby) Hwang	Male	2019/6/1	3 yrsrs	2019/3/29					—	—	—	—	M.B.A., Business Administration, University of California, USA; President, Yuanta Secutities(Korea) Co., Ltd.; Senior Vive President, Yuanta Securities Co., Ltd.; Executive Vice President, Yuanta Commercial Bank Co., Ltd.	President, Yuanta Securities Co., Ltd.; Director, Yuanta Securities Asia Financial Services Co., Ltd.; Director, Yuanta Securities Korea Co., Ltd.; Director, Yuanta Securities (Hong Kong) Co., Ltd.; Authorized Representative, Yuanta Securities Vietnam Co.,Ltd.; Director, Yuanta Securities (Thailand) Co.,Ltd.	—	—	—	—

Titles	Nationality	Name	Sex	Date elected (taken office) (YYYY/MM/DD)	Term of office(Not e)	First elected	Shareholding when elected		Current shareholding		Spouse and minor children's current shareholdings		Shareholding by nominee arrangement		Education and selected past positions	Current additional positions	Spouse or relatives within two degrees who are managers, directors or supervisors			Remarks (Note 2)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Director	R.O.C.	Yuanta Financial Holding Co., Ltd. Representative: Guh-bin Huang	Male	2019/6/1	3 yrsrs	2012/4/1	T Total of 5,405,644,238 hares collectively held by Yuanta Financial Holding Co., Ltd.	100%	Total of 5,782,032,146 hares collectively held by Yuanta Financial Holding Co., Ltd.	100%	—	—	—	—	M.B.A., Public Finance, National Chengchi University; Chairman, Yuanta Securities Investment Trust Co., Ltd.; Vice Chairman, Yuanta Securities Co., Ltd.; Chairman, Vice Chairman, President, Polaris Securities Co., Ltd.; President, Jihsun Futures Co., Ltd.; President, Jihsun Securities Co., Ltd.; Director, Yuanta Foundation	Director, Hanyu Investment Advisor(Shanghai)	—	—	—	—
Director	R.O.C.	Yuanta Financial Holding Co., Ltd. Representative: Yueng-lin Ma	Male	2019/6/1	3 yrsrs	2007/9/23					—	—	—	—	Junior College student of Electrical Engineering, Chunghua College of Technology; Director, Yuanta Core Pacific Securities Co., Ltd.; Chairman, Kuangli Electronics Co., Ltd.; Sales manager, Han Hsin Industrial Co., Ltd.; Director, Gulf Technology (B.V.I.) Co., Ltd.; Director, Gulf Electronics (B.V.I.) Co., Ltd. Taiwan Branch; Chairman, Qiti Green Technology Co., Ltd. Chairman, Pinghu Nine Gragons MerryLand Water Sport Services Ltd.;	Chairman, Chong Cheng Technology Co., Ltd.; Chairman, Shanghai Gulf Electronics Co., Ltd.; Vice Chairman, Gulf Electronics Shandong Co., Ltd.; Chairman,Grand Cathay International Asset Management Co., Ltd.; Chairman, British Seacorp International Asset Management Co., Ltd.; Chairman, Sea Gulf Asset Management Co., Ltd.; Chairman, Fu Dan Industrial Co., Ltd.; Chairman, British Seacorp Holding Limited; Chairman, Sintronic (Cayman) Holding Co., Ltd.; Chairman, Sintronic Technology Holding Co., Ltd.; Chairman, Sintronic Technology (Suzhou) Inc.; Chairman, Suzhou Industrial Park Filtrustrs Trade Co.,Ltd.; Chairman, Shanghai Tai-Lin-Kuo-I Engineering Co., Ltd.; Chairman, Gulf Semiconductors Co., Ltd.; Director, Seacorp Energies Holding Limited; Director, Wisdom Charm Investments Ltd.; Director, Sinmarket Information Technology Co., Ltd.; Director, Yongqin International Investment Co. Ltd.; Chairman, FU DA Feng Investment Ltd.	—	—	—	—
Director	R.O.C.	Yuanta Financial Holding Co., Ltd. Representative: Yueh-tsang Lee	Male	2019/6/1	3 yrsrs	2007/9/23					—	—	—	—	B.A., Sociology, Toyo University, Japan; Chairman, Da-Fa Securities Co., Ltd.; Director, Yuanta Core Pacific Securities Co., Ltd.; Director, Yuan Takun construction Co., Ltd.; Director, Yuanta Financial Holding Co., Ltd.	Chairman, Yong Tong Investment Co., Ltd.; Director, Yuanta Futures Co., Ltd.	—	—	—	—
Director	R.O.C.	Yuanta Financial Holding Co., Ltd. Representative: Yow-chih Huang	Male	2019/6/1	3 yrsrs	2012/4/1					—	—	—	—	B.A., Public Administration, National Chengchi University; Director, Polaris Research Institute; General Supervisor, Polaris Securities Co., Ltd.; One of the founders, Polaris Securities Co., Ltd.; Chairman, Taihui Enterprise Co., Ltd.		—	—	—	—
Director	R.O.C.	Yuanta Financial Holding Co., Ltd. Representative: Ching-kuang Shen	Male	2019/6/1	3 yrsrs	2007/9/23					—	—	—	—	B.B.A., Business Administration, Tamkang University; President, Core Pacific City; Vice Chairman and President, BES Engineering Co., Ltd.; President, Chun Chi Construction Co., Ltd.; Director, Yuanta Core Pacific Securities Co., Ltd.	Chairman, BES Machinery Co., Ltd.; Chairman, Qingting Construction Co., Ltd.; Director, Ofiber Co., Ltd.; Supervisor, Core Asia Human Resource Management Co., Ltd.; Board Office Chief, MES Engineering Co., Ltd.	—	—	—	—

Titles	Nationality	Name	Sex	Date elected (taken office) (YYYY/MM/DD)	Term of office(Not e)	First elected	Shareholding when elected		Current shareholding		Spouse and minor children's current shareholdings		Shareholding by nominee arrangement		Education and selected past positions	Current additional positions	Spouse or relatives within two degrees who are managers, directors or supervisors			Remarks (Note 2)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Director	R.O.C.	Yuanta Financial Holding Co., Ltd. Representative: Lung-fan Lin	Male	2019/6/1	3 yrsrs	2012/4/1	Total of 5,405,644,238 hares collectively held by Yuanta Financial Holding Co., Ltd.	100%	Total of 5,782,032,146 hares collectively held by Yuanta Financial Holding Co., Ltd.	100%	—	—	—	—	M.A., Aletheia University; Director, Polaris Securities Co., Ltd.; Director, Polaris Securities Co., Ltd.; Director, Top Soon Portfolio integrated Securities Co., Ltd.	Director, State Glory Enterprises Co., Ltd.; President Goldwell Chemical Industries Co., Ltd.	—	—	—	—
Director	R.O.C.	Yuanta Financial Holding Co., Ltd. Representative: Jui-chen Ma	Male	2019/6/1	3 yrsrs	2007/9/23					—	—	—	—	Ph.D., Administration, School of Government Perking University; Director, Taiwan Tea Co., Ltd.; Director, Dasheng Asset Management Co., Ltd.; Director and supervisor, Yuanta Core Pacific Securities Co., Ltd.; Independent Director, Taiwan Tea Co., Ltd.	Director, Da Tian Investment Co., Ltd.; Director, Yuang Long Construction Co., Ltd.; Director, Tayuan Construction Co., Ltd.; Director, Chinese Culture Foundation; Director, Wan Tai Industrial Ltd.; Chairman, LOHAS Co., Ltd.; Director, Xinyuan Asset Management Co., Ltd.; Chairman, Xinyuan International Investment Co., Ltd.	—	—	—	—
Director	R.O.C.	Yuanta Financial Holding Co., Ltd. Representative: Yong-zhi Su	Female	2019/6/1	3 yrsrs	2019/11/1					—	—	—	—	LL.M., Boston University, USA; LL.M., Financial & Economic Law, Chung Yuan Christian University; Attorney-at-law in the State of New York, USA; Senior Lawyer, Lee and Li, Attorneys-at-Law	Junior Associate, Lee & Li, Attorney-at-Law; Director, Empire Vision Ltd.; Director, Sunshine City Global (PTC) Ltd.	—	—	—	—
Independent Director	R.O.C.	Yuanta Financial Holding Co., Ltd. Representative: Ching-Shan Hung	Male	2019/6/1	3 yrsrs	2017/6/1					—	—	—	—	L.L.M. & M.B.A., Chengchi University; Deputy Chairman, PwC Taiwan; Deputy Chairman, Nat'l Federation of CPA Assoc, head of Accreditation Council; Supervisor, Jen Trend Co. Ltd.; Director, Taiwan Health Care Association; Director, Franz Consultants Inc.; Independent Director, Yuanta Futures Co., Ltd.	Independent Director, Yuanta Bank Co., Ltd.; Chairman, Qing Sheng Financial Consultants Limited; Supervisor, STARLUX Airlines Co., Ltd.; Director, Propalm Industry Co., Ltd.; Director, Franz Biotech Inc.	—	—	—	—
Independent Director	R.O.C.	Yuanta Financial Holding Co., Ltd. Representative: Yu-qun Wu	Male	2019/6/1	3 yrsrs	2019/6/1					—	—	—	—	Master of Public Management, National Taiwan University; Auditor, Taxation Administration, Ministry of Finance, R.O.C.; Director-General, Vice Director-General, and Chief Secretary of Securities and Futures Bureau, Financial Supervisory Commission; President, Taipei Exchange; Chairman, MasterLink Securities Investment Advisory Co. Ltd.	Independent Director, Taiwan Mask Co., Ltd.; Independent Director, Chun Zu Machinery Industry Co., Ltd.; Supervisor, Browave Co., Ltd.	—	—	—	—
Independent Director	R.O.C.	Yuanta Financial Holding Co., Ltd. Representative: Tu-Mu Kuo	Male	2019/6/1	3 yrsrs	2018/5/24					—	—	—	—	Professor and associate dean, Department of Laws, Fu Jen Catholic University; Head, Department of Financial and Economic Laws, Fu Jen Catholic University; Adjunct Professor, Soochow University and Mine Chuan University; Independent Director, First Securities; Director, Legal Affairs department, Financial Supervisory Committee R.O.C., Executive Yuan; Director, Securities and Future Supervisory Committee, Ministry of Finance; Independent Director, Yuanta Futures Co., Ltd.; Director, CHO Pharma, Inc.	Professor and dean, Department of Laws, Fu Jen Catholic University; Independent Director, Yuanta Life Insurance co. ltd; Independent Director, Sunny Friend Environmental Technology Co., Ltd.; Supervisor, Eminent Venture Capital Corporation; Supervisor, Diamond Biofund; Director, Sinew Pharma Inc.	—	—	—	—

Titles	Nationality	Name	Sex	Date elected (taken office) (YYYY/MM/DD)	Term of office(Not e)	First elected	Shareholding when elected		Current shareholding		Spouse and minor children's current shareholdings		Shareholding by nominee arrangement		Education and selected past positions	Current additional positions	Spouse or relatives within two degrees who are managers, directors or supervisors			Remarks (Note 2)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Independent Director	R.O.C.	Yuanta Financial Holding Co., Ltd. Representative: Kun-hung Lai	Male	2019/6/1	3 yrsrs	2015/4/15	Total of 5,405,644,238 shares collectively held by Yuanta Financial Holding Co., Ltd.	100%	Total of 5,782,032,146 shares collectively held by Yuanta Financial Holding Co., Ltd.	100%	—	—	—	—	M.B.A., Business Administration, National Taipei University; Vice President, Motor Vehicle Accident Compensation Fund; Executive Secretary, Financial Supervisory Commission; Deputy Team Manager, Securities and Futures Bureau, Financial Supervisory Commission; Supervisor, Mediatead Co., Ltd.; Supervisor, TSH Biopharm Co., Ltd.; Independent Director, Excellence Optoelectrics. Inc.; Independent Director, Yuanta Futures Co., Ltd.	Independent Director, Foresee Pharmaceuticals Co., Ltd.	—	—	—	—
Independent Director	R.O.C.	Yuanta Financial Holding Co., Ltd. Representative: Hsing-yi Chow	Male	2019/6/1	3 yrsrs	2007/6/5					—	—	—	—	Ph.D., Indiana University Kelley School of Business; Independent Director, Yuanta Financial Holding Co., Ltd.; Independent Director, Yuanta Securities Co., Ltd.; Supervisor, Taipei Exchange; Director of Securities and Futures Institute; Independent Director, Uni-President Co., Ltd.; Independent Director, , Polaris Securities Co., Ltd.; President of National Chengchi University (NCC), Dean and Vice Dean of NCC College of Commerce, and Chair of NCC Department (Graduate Institute) of Finance; Vice Chairman of Asian Finance Association; Member of Financial Restructuring Fund Commission; Member of Research, Development and Evaluation Commission, Executive Yuan; Supervisor, Securities and Futures Investors Protection Center; Supervisor, Taipei Exchange; Director of Securities and Futures Institute; Assistant Professor, Finance. Santa Clara University, USA	Independent Director, Yuanta Financial Holding Co., Ltd. Independent Director, Coretronic Co., Ltd.; Professor, Finance, National Chengchi University	—	—	—	—

Note 1 : 1. The Company's institutional shareholder, Yuanta Financial Holdings, appointed the new directors and independent directors to the 10th board of directors of the company on May 21, 2019. The term of which is from June 1, 2019 to May 31, 2022.

2. The Company elected Mr. Tony Shen as the Chairman of Board at 1st meeting of 10th board of directors held on June 1, 2019.

3. The Company's institutional shareholder, Yuanta Financial Holdings, appointed Ms. Yung Chu Su to succeed to Mr. Victor Ma and hold the position as the Company's independent director of 10th term from November 1, 2019 to May 31, 2022. The Company's independent director, Mr. Nai Kuan Huang, resigned from the position as of December 30, 2019.

Note 2 : If the Chairman and President or equivalent (the supreme management) of the Company are the same person, spouses or relatives within 1st degree of kinship, please describe the reason, rationality, necessity and improvement measures.

(II)Major Institutional Shareholders

Baseline date: Jul. 4, 2019

Institutional shareholders	Major shareholders of institutional shareholders
Yuanta Financial Holding Co., Ltd.	Zun Jue Investment Co., Ltd. 3.54%
	Yuan Hung Investment Co., Ltd. 3.35%
	Yuan Hsiang Investment Co., Ltd. 2.96%
	PJ Asset Management Co., Ltd. 2.82%
	Yu Yang Investment Co., Ltd. 2.68%
	CTBC Bank as the Entrusted Custodian of Beevest Securities' Investment Account 2.13%
	Bank of Taiwan Co., Ltd. 2.08%
	Lien Ta Investment Co., Ltd. 2.03%
	Fiduciary trust property accounts held in trust by Yuanta Commercial Bank 2.00%
	CitiBank (Taiwan) as the Entrusted Custodian of Singapore Government's Investment Account 1.85%

Data for the company's top 10 major shareholders are as of Yuanta Financial Holdings' latest book close date (Jul. 4, 2019) °

(III) Major Institutional Shareholders Whose Key Shareholders are Judicial Persons

Baseline date: Jan. 31, 2020

Institutional shareholders	Major shareholders of institutional shareholders	
Zun Jue Investment Co., Ltd.	Teng Ta Investment Co., Ltd.	19.69%
	Lien Ta Investment Co., Ltd.	19.84%
	Chiu Ta Investment Co., Ltd.	18.36%
	Lien Heng Investment Co., Ltd.	18.92%
	Hsing Tsai Investment Co., Ltd.	10.23%
	Wei-chien (Victor) Ma	8.27%
	Li-chuang (Judy) Tu Ma	4.69%
Yuan Hung Investment Co., Ltd.	Mei Chia Li Investment Ltd.	45.88%
	Lien Heng Investment Co., Ltd.	33.74%
	Teng Ta Investment Co., Ltd.	15.38%
	Li-chuang (Judy) Tu Ma	5.00%
Yuan Hsiang Investment Co., Ltd.	Lien Ta Investment Co., Ltd.	44.38%
	Lien Heng Investment Co., Ltd.	19.00%
	Teng Ta Investment Co., Ltd.	18.69%
	Chiu Ta Investment Co., Ltd.	9.96%
	Li-chuang (Judy) Tu Ma	5.01%
	Hsing Tsai Investment Co., Ltd.	2.96%
PJ Asset Management Co., Ltd.	He Yang Management Consultant Co., Ltd.	94.95%
	He Zhu Investment Co., Ltd.	5.05%
Yu Yang Investment Co., Ltd.	Zun Jue Investment Co., Ltd.	100%
CTBC Bank as the Entrusted Custodian of Beevest Securities' Investment Account	NA	
Bank of Taiwan Co., Ltd.	Taiwan Financial Holdings Co., Ltd.	100%
Lien Ta Investment Co., Ltd.	Chiao Hua International Investment	45.79%
	Lien Heng Investment Co., Ltd.	37.14%
	Chiu Ta Investment Co., Ltd.	14.02%
	Hsing Tsai Investment Co., Ltd.	2.58%
	Li-chuang (Judy) Tu Ma	0.47%
Fiduciary trust property accounts held in trust by Yuanta Commercial Bank	NA	
CitiBank (Taiwan) as the Entrusted Custodian of Singapore Government's Investment Account	NA	

(IV) Independence Criteria and Professional Knowledge and Experience of Directors and Supervisors (Independent Director)

Data as of Jan. 31, 2020

Name	Qualification	Over five years of experience and the following professional qualifications			Independence criteria (Note)												Serving as an independent director of another listed company
		University teaching in areas of commerce, law, finance, accounting or related corporate business	Working as a judge, attorney, lawyer, accountant or other positions that require professional certification	Work experience in commerce, law, finance, accounting or related corporate experiences	1	2	3	4	5	6	7	8	9	10	11	12	
Chairman Hsiu-wei (Vincent) Chen			✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Deputy Chairman Ming-hong(Ted) Ho			✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Director Ting-chien (Tony) Shen			✓	✓			✓			✓	✓	✓	✓	✓	✓	✓	0
Director Wei-cheng (Bobby) Hwang			✓				✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Director Guh-bin Huang		✓	✓	✓			✓		✓	✓	✓	✓	✓	✓	✓	✓	0
Director Yueng-lin Ma			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Director Yueh-tsang Lee			✓	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Director Yow-chih Huang			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Director Ching-kuang Shen			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Director Lung-fan Lin			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Director Jui-chen Ma	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Director Yong-zhi Su		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Independent Director Ching-Shan Hung		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Independent Director Yu-qun Wu			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Independent Director Tu-Mu Kuo	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Independent Director Kun-hung Lai			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Independent Director Hsing-yi Chow	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1

Note: A “✓” is marked in the space beneath a condition number when a director has met that condition during the two years prior to election and during his or her period of service. The conditions are as follows

- (1) Not an employee of the company or an affiliate.
- (2) Not a director or a supervisor of the company or an affiliate (this restriction does not apply, however, when the person is an independent director of the company, its parent company, or a subsidiary in which the company directly and indirectly holds more than 50% of voting shares).
- (3) The director, or his or her spouse or minor child, does not hold, in his or her own name or in another name, more than 1% of the company's total outstanding shares, nor is one of the company's ten largest natural-person shareholders.
- (4) Not a spouse, relative within 2nd degree of kinship, or lineal relative by blood within 3rd degree of kinship or closer to the managers described in Item (1) or persons described in the Item (2) and Item (3).
- (5) Not a Director, Supervisor, or employee of any institutional shareholder that has 5% or higher of the total shares issued by the Company, or of top-5 institutional shareholders of the Company, or the institutional shareholders who appoint their representatives to serve as the Director or Supervisor of the Company in accordance with Paragraph 1 or Paragraph 2 of Article 27 of the Company Act (this restriction does not apply to independent director positions in the Company its parent company or subsidiary, or any subsidiary of the same parent company which have been appointed in accordance with the Act, or laws of the registered country).
- (6) Not a director, supervisor or employee of any company controlled by the same person that holds a majority of the directors or voting shares of the Company (this restriction does not apply to independent director positions in the Company, its parent company or subsidiary, which have been appointed in accordance with the Act, or laws of the registered country).
- (7) Not a director, supervisor, or employee of any company who is the same person as, or the spouse of, Chairman and President or equivalent of the Company (this restriction does not apply to independent director positions in the Company, its parent company or subsidiary, or any subsidiary of the same parent company which have been appointed in accordance with the Act, or laws of the registered country).
- (8) Not a director, supervisor, manager, or shareholder with more than 5% ownership interest in any companies or institutions that have financial or business relationship with the Company (this restriction does not apply to any specific company or organization which holds more than 20% but less than 50% of the total shares issued by the Company that is an independent director in the Company, its parent company or subsidiary, or any subsidiary of the same parent company who has been appointed in accordance with the Act, or laws of the registered country).
- (9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliated company of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliated company of the Company for which the provider in the past 2 years has received cumulative compensation not exceeding NT\$500,000, or a spouse thereof, provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Securities and Exchange Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
- (10) Is not the spouse or relative within the second degree of kinship of another director.
- (11) Standing does not match any of the scenarios described in Article 30 of the Company Act.
- (12) Was not elected as the shareholder representative for a government agency or legal person pursuant to Article 27 of the Company Act.

(V) Information Regarding the President, Executive Vice President, Assistant Vice Presidents, and Department and Branch Managers

Baseline date: Jan. 31, 2020

Titles (Note 1)	Nationality	Name	Sex	Date elected (taken office) (YYYY/MM/DD)	Shareholding		Shareholdings by spouse and underage children		Shareholding by nominee arrangement		Education and selected past positions (Note 2)	Current additional positions	Spouse or relatives within two degrees who are managers, directors or supervisors			Remarks (Note 3)
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
President	R.O.C.	Wei-cheng (Bobby) Hwang	Male	2019/5/16	-	-	-	-	-	-	M.B.A., Business Administration, University of California, USA; President, Yuanta Securities(Korea) Co., Ltd.;	Director, Yuanta Securities Co., Ltd.; Director, Yuanta Securities Asia Financial Service Co., Ltd.; Director, Yuanta Securities Asia Financial Service Co., Ltd.; Director, Yuanta Securities (Hong Kong) Co., Ltd.; Director, Yuanta Securities (Thailand) Co., Ltd.; Authorized Representative, Yuanta Securities Vietnam Ltd.	-	-	-	
Executive Vice President	R.O.C.	Shao-hsing Kung	Male	2013/3/28	-	-	-	-	-	-	B.A., Cooperative Economics, Tamkang University; Executive Program, Business Administration Department, National Chengchi University; Senior Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Executive Vice President	R.O.C.	Ming-lang Liu	Male	2015/8/1	-	-	-	-	-	-	B.B.A., Business Administration, Tamkang University; Senior Vice President, Yuanta Securities Co., Ltd.	Vice President, Operational Support Department, Yuanta Fincial Holding Co., Ltd.; Yuanta Life Insurance Co., Ltd.; Director, Yuanta Securities Finance Co., Ltd.	-	-	-	
Executive Vice President	R.O.C.	Ya-bin Li	Male	2017/8/28	-	-	-	-	-	-	LL.M., Soochow University; Executive Program, Business Administration Department, National Chengchi University; Chairman, Yuanta Asset Management Co., Ltd.	Senior Vice President, Secretariate Office, Yuanta Fincial Holding Co., Ltd.	-	-	-	
Executive Vice President	R.O.C.	Xin-hui Tseng	Female	2019/1/1	-	-	-	-	-	-	M.A., Finance, National Taiwan University; Senior Vice President, Yuanta Securities Co., Ltd.	Vice President, Corporate Banking Division, Yuanta Fincial Holding Co., Ltd.; Director, Kun Wei Industry Co., Ltd.	-	-	-	
Executive Vice President	R.O.C.	Feng-hsiang Kuo	Male	2019/1/1	-	-	-	-	-	-	M.B.A., Business Administration, Pepperdine University (USA); Direct, En Tie Commercial Bank Ltd.	Director, Yuanta Securities Asia Financial Service Co., Ltd.; Director, Yuanta Securities (Hong Kong) Co., Ltd.; Director, Yuanta Securities (Thailand) Co., Ltd.; Authorized Representative, Yuanta Securities Vietnam Ltd.	-	-	-	
Executive Vice President	R.O.C.	Mei-ling Guo	Female	2019/1/2	-	-	-	-	-	-	M.B.A., Management, National Chengchi University; Senior Vice President, Capital Securities Co., Ltd.	Senior Vice President, Digital Development Division, Yuanta Fincial Holding Co., Ltd.; Director, Yuanta Futures Co., Ltd.; Director, Yuanta Securities Finance Co., Ltd.	-	-	-	
Senior Vice President	R.O.C.	Kuang-chi She	Male	2018/4/1	-	-	-	-	-	-	M.A., Management, National Chiao Tung University; Senior Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Senior Vice President	R.O.C.	Hung-chan Tseng	Male	2018/4/1	-	-	-	-	-	-	M.B.A., in Business Administration, East Michigan University (USA); Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Senior Vice President	R.O.C.	Chun-cheng Cheng	Male	2019/9/1	-	-	-	-	-	-	B.B.A., Business Administration, Chinese Culture University; Senior Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Vice President	R.O.C.	Yi-wun Ma	Female	2018/4/1	-	-	-	-	-	-	M.B.A., Management, National Chengchi University; Vice President, Yuanta Securities Co., Ltd.	Vice President, Corporate Banking Division, Yuanta Fincial Holding Co., Ltd.	-	-	-	
Assistant Vice President	R.O.C.	Hisao-yen Chung	Female	2012/4/1	-	-	-	-	-	-	M.A., Communication, Shih Hsin University; Senior Manager, Yuanta Securities Co., Ltd.		-	-	-	
Investment Banking Department Senior Vice President	R.O.C.	Shu-hua Jiang	Female	2019/6/1	-	-	-	-	-	-	M.A., Public Finance, National Chengchi University; Vice President, Yuanta Securities Co., Ltd.		-	-	-	

Titles (Note 1)	Nationality	Name	Sex	Date elected (taken office) (YYYY/MM/DD)	Shareholding		Shareholdings by spouse and underage children		Shareholding by nominee arrangement		Education and selected past positions (Note 2)	Current additional positions	Spouse or relatives within two degrees who are managers, directors or supervisors			Remarks (Note 3)
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Investment Banking Department Vice President	R.O.C.	Pei-chen Lin	Female	2018/5/9	-	-	-	-	-	-	B.A., Accounting, Cheng Kung University; Senior Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Investment Banking Department Vice President	R.O.C.	Jia-yu Weng	Female	2018/5/9	-	-	-	-	-	-	B.A., Accounting, National Chung Hsing University; Senior Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Investment Banking Department Vice President	R.O.C.	Rui-hua Huang	Female	2018/5/9	-	-	-	-	-	-	M.B.A., National Taiwan University; Senior Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Investment Banking Department Senior Assistant Vice President	R.O.C.	Mei-ying Huang	Female	2012/4/1	-	-	-	-	-	-	B.A., Accounting, Tung Hai University; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Investment Banking Department Senior Assistant Vice President	R.O.C.	Yu-tien Lin	Male	2014/4/16	-	-	-	-	-	-	B.A., Management Science, National Chiao Tung University; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Investment Banking Department Senior Assistant Vice President	R.O.C.	Cho-wei Chou	Male	2014/4/16	-	-	-	-	-	-	M.A., Accounting, National Cheng Kung University; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Investment Banking Department Senior Assistant Vice President	R.O.C.	Hsiu-mei Cheng	Female	2014/4/16	-	-	-	-	-	-	B.A., Accounting, Soochow University; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Investment Banking Department Senior Assistant Vice President	R.O.C.	Yu-Zneh Huang	Female	2016/6/1	-	-	-	-	-	-	M.A., Finance, Fu Jen Catholic University; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Investment Banking Department Senior Assistant Vice President	R.O.C.	Chung-Lin Chou	Male	2018/5/1	-	-	-	-	-	-	M.A., International Finance, Taipei University; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Investment Banking Department Senior Assistant Vice President	R.O.C.	Ling-hui Xu	Female	2019/6/1	-	-	-	-	-	-	B.A., Economics, Fu Jen Catholic University; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Investment Banking Department Assistant Vice President	R.O.C.	Pei-tzu Tsai	Female	2012/4/1	-	-	-	-	-	-	B.A., Accounting, National Taiwan University; Assistant Vice President, Polaris Securities Co., Ltd.		-	-	-	
Investment Banking Department Assistant Vice President	R.O.C.	Ju-fang Hsiao	Female	2013/8/1	-	-	-	-	-	-	M.B.A., Environmental Biology and Fisheries Science National Taiwan Ocean University; Senior Manager, Yuanta Securities Co., Ltd.		-	-	-	

Titles (Note 1)	Nationality	Name	Sex	Date elected (taken office) (YYYY/MM/DD)	Shareholding		Shareholdings by spouse and underage children		Shareholding by nominee arrangement		Education and selected past positions (Note 2)	Current additional positions	Spouse or relatives within two degrees who are managers, directors or supervisors			Remarks (Note 3)
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Investment Banking Department Assistant Vice President	R.O.C.	Xiu-yue Luo	Female	2014/4/16	-	-	-	-	-	-	B.A., Accounting, Chinese Culture University; Senior Manager, Yuanta Securities Co., Ltd.		-	-	-	
Investment Banking Department Assistant Vice President	R.O.C.	Hua-ling Chang	Female	2016/6/1	-	-	-	-	-	-	M.A., Economics, Fu Jen Catholic University; Senior Manager, Yuanta Securities Co., Ltd.		-	-	-	
Investment Banking Department Assistant Vice President	R.O.C.	Sheng-tan Wu	Male	2017/6/1	-	-	-	-	-	-	M.B.A., Business Administration, National Chengchi University; Senior Manager, Yuanta Securities Co., Ltd.		-	-	-	
Investment Banking Department Assistant Vice President	R.O.C.	Chih-hsien Chen	Male	2018/4/16	-	-	-	-	-	-	M.B.A., Financial, National Chung Cheng University; Assistant Vice President, SinoPac Securities Co., Ltd.		-	-	-	
Investment Banking Department Assistant Vice President	R.O.C.	Po-wei Chen	Male	2018/5/1	-	-	-	-	-	-	B.A., Business Administration, National Taiwan University; Senior Manager, Yuanta Securities Co., Ltd.		-	-	-	
Investment Banking Department Assistant Vice President	R.O.C.	Hsiang-Han Lien	Female	2018/6/1	-	-	-	-	-	-	M.B.A., Accounting, University of Washington; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Investment Banking Department Assistant Vice President	R.O.C.	Ke-cheng Huang	Male	2019/9/2	-	-	-	-	-	-	M.B.A., International Business Administration, National Taiwan University; Vice President, H&Q Asia Pacific Co., Ltd.	Supervisor, Azion Co., Ltd.	-	-	-	
Derivatives Department Senior Assistant Vice President	R.O.C.	Cui-shan Xu	Female	2019/6/1	-	-	-	-	-	-	M.B.A., Business Administration, National Cheng Kung University; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Derivatives Department Assistant Vice President	R.O.C.	Yin-pei Wu	Female	2012/4/1	-	-	-	-	-	-	Junior College student in Business Administration , Chihlee Institute of Commerce; Manager, Yuanta Securities Co., Ltd.		-	-	-	
Derivatives Department Assistant Vice President	R.O.C.	Yun-Lung Wu	Male	2017/10/12	-	-	-	-	-	-	M.B.A., Management, Stanford University (USA); Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Derivatives Department Assistant Vice President	R.O.C.	Siang-bin Luo	Male	2018/5/1	-	-	-	-	-	-	M.A., Financial Management, National Sun Yat-sen University; Manager, Yuanta Securities Co., Ltd.		-	-	-	
Derivatives Department Assistant Vice President	R.O.C.	Zong-xuan Yang	Male	2019/6/1	-	-	-	-	-	-	M.B.A., Business Administration, National Chung Cheng University; Senior Manager, Yuanta Securities Co., Ltd.		-	-	-	
Fixed Income Department Senior Assistant Vice President	R.O.C.	Jun-chih Lien	Male	2014/4/16	-	-	-	-	-	-	M.A., Financial Management, National Sun Yat-sen University; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Fixed Income Department Senior Assistant Vice President	R.O.C.	Ming-xian Lou	Male	2017/6/1	-	-	-	-	-	-	M.B.A., Business Administration, National Chengchi University; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Fixed Income Department Senior Assistant Vice President	R.O.C.	Chih-heng Wang	Male	2018/5/1	-	-	-	-	-	-	M.B.A., Business Administration, Boston University (USA); Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Fixed Income Department Senior Assistant Vice President	R.O.C.	Jun-hong Lin	Male	2018/5/1	-	-	-	-	-	-	M.B.A., Business Administration, National Cheng Kung University; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Fixed Income Department Senior Assistant Vice President	R.O.C.	Feng-ping Yuan	Female	2019/6/1	-	-	-	-	-	-	M.A., Finance, University of Leicester (UK); Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Quantitative Trading Department Vice President	R.O.C.	Kao-yi Su	Male	2018/1/1	-	-	-	-	-	-	M.B.A., Technology Management, National Chiao Tung University; Vice President, Yuanta Securities Co., Ltd.		-	-	-	

Titles (Note 1)	Nationality	Name	Sex	Date elected (taken office) (YYYY/MM/DD)	Shareholding		Shareholdings by spouse and underage children		Shareholding by nominee arrangement		Education and selected past positions (Note 2)	Current additional positions	Spouse or relatives within two degrees who are managers, directors or supervisors			Remarks (Note 3)
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Quantitative Trading Department Senior Assistant Vice President	R.O.C.	Teng-chi Huang	Male	2014/4/16	-	-	-	-	-	-	M.B.A., Financial, National Chung Cheng University; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Quantitative Trading Department Assistant Vice President	R.O.C.	Wan-wen Zhan	Female	2017/6/1	-	-	-	-	-	-	B.B.A., Finance and Banking, Aletheia University; Senior Manager, Yuanta Securities Co., Ltd.		-	-	-	
Quantitative Trading Department Assistant Vice President	R.O.C.	Sheng-yu Chen	Male	2018/1/1	-	-	-	-	-	-	M.B.A., Business Administration, National Chung Cheng University; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Proprietary Trading Department Senior Vice President	R.O.C.	Yu-shun Yang	Male	2018/4/1	-	-	-	-	-	-	M.A., Business Management, Taipei University; President, Yuanta Polaris Securities (Hong Kong) Co., Ltd.		-	-	-	
Proprietary Trading Department Vice President	R.O.C.	Chen-yuan Yang	Male	2019/1/1	-	-	-	-	-	-	B.S., Chemical Engineering, Tunghai University; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Institutional Group Senior Vice President	R.O.C.	Jing-ru Li	Female	2015/10/1	-	-	-	-	-	-	B.A., Economics, University of Victoria (Uvic); Senior Vice President, Yuanta Future Co., Ltd.		-	-	-	
Institutional Group Senior Assistant Vice President	R.O.C.	Judy Chang	Female	2014/4/16	-	-	-	-	-	-	B.A., Accounting, Soochow University; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Institutional Group Senior Assistant Vice President	R.O.C.	Shi-qiang Lin	Male	2018/5/1	-	-	-	-	-	-	M.B.A., Business Administration, Rutgers, The State University of New Jersey; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Institutional Group Senior Assistant Vice President	R.O.C.	Qun-jie Lin	Male	2018/5/1	-	-	-	-	-	-	M.A., International Affairs, Columbia University; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Institutional Group Assistant Vice President	R.O.C.	Yong-sheng Wang	Male	2014/7/1	-	-	-	-	-	-	M.B.A., Business Administration, University of Missouri (USA); Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Institutional Group Assistant Vice President	R.O.C.	Yuan-chun Fu	Male	2018/8/8	-	-	-	-	-	-	M.S., International Finance, University of Leeds; Vice President, Cathay Securities Co., Ltd.		-	-	-	
International Finance Department Senior Vice President	R.O.C.	Hsien-ling Yeh	Male	2019/6/1	-	-	-	-	-	-	M.A., Finance, National Chiao Tung University; Vice President, Yuanta Securities Co., Ltd.		-	-	-	
International Finance Department Vice President	R.O.C.	Wei-zhen Zhang	Male	2018/4/1	-	-	-	-	-	-	M.B.A., International Business Administration, Tulane University (USA); Director, CTBC Bank Co., Ltd.		-	-	-	
International Finance Department Vice President	R.O.C.	Xiu-hui Meng	Female	2018/5/9	-	-	-	-	-	-	M.S., Psychology and Counseling, California State University, East Bay; Senior Vice President, Fubon Securities Co., Ltd.		-	-	-	
International Finance Department Vice President	R.O.C.	Mei-xiang Huang	Female	2018/1/1	-	-	-	-	-	-	B.B.A., Business Administration, Taiwan Institute of Industrial Technology; Vice President, ANZ Institutional Bank		-	-	-	

Titles (Note 1)	Nationality	Name	Sex	Date elected (taken office) (YYYY/MM/DD)	Shareholding		Shareholdings by spouse and underage children		Shareholding by nominee arrangement		Education and selected past positions (Note 2)	Current additional positions	Spouse or relatives within two degrees who are managers, directors or supervisors			Remarks (Note 3)
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
International Finance Department Vice President	R.O.C.	Wei-yun Cheng	Female	2018/5/9	-	-	-	-	-	-	M.B.A., Business Administration, National Chung Hsing University; Vice President, Fubon Securities Co., Ltd.		-	-	-	
International Finance Department Vice President	R.O.C.	Yi-cheng Liao	Male	2018/4/23	-	-	-	-	-	-	M.A., Finance, National Taiwan University; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
International Finance Department Senior Assistant Vice President	R.O.C.	Bo-hong Liu	Male	2017/8/1	-	-	-	-	-	-	M.B.A., Business Administration, Peking University; Vice President, ANZ Institutional Bank		-	-	-	
International Finance Department Senior Assistant Vice President	R.O.C.	Hui-yi Liu	Female	2017/11/1	-	-	-	-	-	-	M.A., Commodities Humanities, Golden Gate University (USA); Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
International Finance Department Senior Assistant Vice President	R.O.C.	Rui-zhu Huang	Female	2019/6/1	-	-	-	-	-	-	M.B.A., Business Administration, Providence University; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
International Finance Department Assistant Vice President	R.O.C.	Chin-wen Wu	Female	2018/5/1	-	-	-	-	-	-	M.A., Financial Investment, University of Strathclyde (UK); Senior Manager, Yuanta Securities Co., Ltd.		-	-	-	
International Finance Department Assistant Vice President	R.O.C.	Chia-yi Lin	Female	2018/5/1	-	-	-	-	-	-	M.A., Bank Management, University of Staffordshire (UK); Senior Manager, Yuanta Securities Co., Ltd.		-	-	-	
International Finance Department Assistant Vice President	R.O.C.	Kuo-pin Yang	Male	2018/5/1	-	-	-	-	-	-	M.B.A., Management, National Chengchi University; Senior Manager, Yuanta Securities Co., Ltd.		-	-	-	
International Finance Department Assistant Vice President	R.O.C.	Jia-hua Hsu	Male	2019/6/1	-	-	-	-	-	-	B.S., Applied Mathematics, Chinese Culture University; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
International Finance Department Assistant Vice President	R.O.C.	Yi-xiu Zhan	Male	2019/6/1	-	-	-	-	-	-	B.A., Political Science, Tunghai University; Assistant Vice President, JPMorgan Asset Management(Taiwan) Ltd.		-	-	-	
International Finance Department Assistant Vice President	R.O.C.	Yu-zhen Tang	Female	2019/6/1	-	-	-	-	-	-	MBA., Financial engineering, University of Michigan;Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Wealth Management Department Senior Assistant Vice President	R.O.C.	Bing-lian Gao	Male	2018/5/1	-	-	-	-	-	-	B.S., Applied Mathematics, Tatung University; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Wealth Management Department Assistant Vice President	R.O.C.	Jian-ming Zeng	Male	2019/6/1	-	-	-	-	-	-	B.B.A., Statistics, Fu Jen Catholic University; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	

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					Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Investment Consulting Department Manager	R.O.C.	Zhen-yuan Huang	Male	2019/6/1	-	-	-	-	-	-	B.A., Economics, Soochow University; Deputy Manager, Yuanta Securities Co., Ltd.		-	-	-	
Channel Business Department Vice President	R.O.C.	Jun-jie Huang	Male	2019/6/1	-	-	-	-	-	-	M.B.A., Business Administration, National Taiwan University of Science and Technology; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Channel Business Department Senior Vice President	R.O.C.	Kang Wengli	Male	2019/6/1	-	-	-	-	-	-	M.I.M., Information Administration, National Taiwan University; Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Risk Management Department Senior Assistant Vice President	R.O.C.	Shi-qiang Li	Male	2016/6/1	-	-	-	-	-	-	M.B.A., Finance Administration, Ming Chuang University; Assistant Vice President, Yuanta Securities Co., Ltd.	Assistant Vice President, Risk Management Department, Yuanta Financial Holding Co., Ltd.	-	-	-	
Risk Management Department Assistant Vice President	R.O.C.	Wei-cheng Chuang	Male	2018/5/1	-	-	-	-	-	-	M.A., Financial Management, National Sun Yat-sen University; Senior Manager, Yuanta Securities Co., Ltd.		-	-	-	
Risk Management Department Assistant Vice President	R.O.C.	Wei-jing Qian	Female	2019/6/1	-	-	-	-	-	-	B.A., Economics, York University, Canada; Senior Manager, Yuanta Securities Co., Ltd.	Manager, Risk Management Department, Yuanta Financial Holding Co., Ltd.; Authorized Representative, Yuanta Securities Vietnam Ltd.	-	-	-	
International Operations Department Assistant Vice President	R.O.C.	Tai-yuan Dai	Male	2018/5/9	-	-	-	-	-	-	M.B.A., International Trade, National Chengchi University; Senior Manager, Yuanta Securities Co., Ltd.	Director, Yuanta Investment Management (Cayman) Ltd; Director, Yuanta Asia Investment Limited; Director, Yuanta Hong Kong Holdings(Cayman) Ltd.; Director, Yuanta Securities Holdings (BVI) Co., Ltd.	-	-	-	
International Operations Department Vice President	R.O.C.	Hsi-ying Chen	Female	2012/4/1	-	-	-	-	-	-	Junior College student in Social Work, Shih Chien Institute of Home Economics; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
International Operations Department Vice President	R.O.C.	Yao-cheng Kuo	Male	2012/4/1	-	-	-	-	-	-	M.B.A., Business Administration, National Chung Cheng University; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
International Operations Department Vice President	R.O.C.	Tung-tai Yu	Male	2016/1/1	-	-	-	-	-	-	M.S., Aeronautical Engineering, Boston University (USA); Executive Program, Business Administration Department, National Chengchi University; Vice President, Yuanta Securities Co., Ltd.	PT Yuanta Sekuritas Indonesia Commissioner	-	-	-	
International Operations Department Senior Assistant Vice President	R.O.C.	Wen-ping Shih	Male	2018/5/1	-	-	-	-	-	-	„M.B.A., Industrial Economics, Tamkang University; Assistant Vice President, Yuanta Securities Co., Ltd.	Executive Director, Yuanta Investment Consulting (Beijing) Co., Ltd.; President, Yuanta Investment Consulting (Beijing) Co., Ltd.	-	-	-	
International Operations Department Senior Assistant Vice President	R.O.C.	Chun-ching Chang	Female	2018/7/1	-	-	-	-	-	-	M.B.A., Management, National Taiwan University of Science & Technology; Assistant Vice President, Yuanta Securities Co., Ltd.	Assistant Vice President, Dept. of IT, Yuanta Financial Holding Co., Ltd.	-	-	-	
International Operations Department Assistant Vice President	R.O.C.	Chin-shou Wang	Male	2018/4/1	-	-	-	-	-	-	B.A., in Laws, National Taiwan University; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Registrar & Transfer Department Senior Assistant Vice President	R.O.C.	Zhe-ru Zhu	Male	2018/5/1	-	-	-	-	-	-	Junior College student in Banking & Insurance, Chungyu Institute of Technology; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Corporate Planning Department Senior Manager	R.O.C.	Jian-wen Chen	Male	2019/12/1	-	-	-	-	-	-	M.B.A., International Business Administration, National Taiwan University; Senior Manager, Yuanta Securities Co., Ltd.		-	-	-	

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					Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Internal Audit Department Senior Vice President	R.O.C.	Chen-hsiang Wu	Male	2018/4/1	-	-	-	-	-	-	M.B.A., Business Administration, National Taiwan University; Senior Vice President, Yuanta Securities Co., Ltd.	Dutpty General Auditor, Yuanta Financial Holding Co., Ltd.	-	-	-	
Internal Audit Department Vice President	R.O.C.	Yen-ying Liu	Female	2014/5/8	-	-	-	-	-	-	M.B.A., Business Administration, Tunghai University; Senior Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Internal Audit Department Vice President	R.O.C.	Zhi-qi Liu	Male	2019/5/7	-	-	-	-	-	-	M.I.M., Information Administration, National Central University; Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Board Secretary Office Senior Manager	R.O.C.	Hsiang-Yi Chang	Female	2018/7/1	-	-	-	-	-	-	B.A., in Laws, Tunghai University; Senior Manager, Yuanta Securities Co., Ltd.		-	-	-	
Legal Department Senior Manager	R.O.C.	Li-ying He	Female	2019/6/1	-	-	-	-	-	-	LL.B., Soochow University; Manager, Yuanta Securities Co., Ltd.		-	-	-	
Legal Compliance Department Vice President	R.O.C.	Song-shan Zhao	Male	2015/3/2	-	-	-	-	-	-	LL.M., Soochow University; Vice President, SinoPac SITC		-	-	-	
Legal Compliance Department Assistant Vice President	R.O.C.	Huan-wei Su	Male	2019/4/15	-	-	-	-	-	-	LL.B., Fu Jen Catholic University; Manager, Bank SinoPac Co., Ltd.		-	-	-	
Human Resources Department Senior Assistant Vice President	R.O.C.	Jing-fang Lin	Female	2018/5/9	-	-	-	-	-	-	M. Eng. Department of Industrial Education, National Taiwan Normal University; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Human Resources Department Assistant Vice President	R.O.C.	Xiu-fei Chen	Female	2019/6/1	-	-	-	-	-	-	M. Eng. Department of Industrial Education, National Taiwan Normal University; Senior Manager, Yuanta Securities Co., Ltd.		-	-	-	
Information System Management Department Senior Assistant Vice President	R.O.C.	Fang-ming Luo	Male	2019/5/7	-	-	-	-	-	-	B.S., Department of Computer Science and Information Engineering, Tamkang University; Assistant Vice President, Yuanta Securities Co., Ltd.	Senior Assistant Vice President, Dept. of IT, Yuanta Financial Holding Co., Ltd.	-	-	-	
Information System Development Department Vice President	R.O.C.	Ying-ling Chen	Female	2018/8/1	-	-	-	-	-	-	B.A., in Business, Providence University; Senior Assistant Vice President, Yuanta Securities Finance Co., Ltd.		-	-	-	
Information System Development Department Senior Assistant Vice President	R.O.C.	Zong-xi Wang	Male	2012/4/1	-	-	-	-	-	-	M.S., Electronic Engineering, Taiwan Institute of Technology; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Information System Development Department Senior Assistant Vice President	R.O.C.	Chih-ling Hsu	Female	2014/4/16	-	-	-	-	-	-	Junior College student in Information, China Institute of Industrial and Commerce; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Information System Development Department Senior Assistant Vice President	R.O.C.	Yong-hsien Chang	Male	2014/8/16	-	-	-	-	-	-	B.S., Applied Mathematics, National Chengchi University; Assistant Vice President, Yuanta Securities Co., Ltd.	Senior Assistant Vice President, Dept. of IT, Yuanta Financial Holding Co., Ltd.	-	-	-	

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					Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Information System Development Department Senior Assistant Vice President	R.O.C.	Shu-yen Tsai	Female	2015/2/16	-	-	-	-	-	-	Junior College student in Information, Ming Chuan College of Business; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Information System Development Department Senior Assistant Vice President	R.O.C.	Yu-mei Chang	Female	2019/6/1	-	-	-	-	-	-	B.S., Applied Mathematics, Providence University; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Information System Development Department Assistant Vice President	R.O.C.	Wen-liang Huang	Male	2013/5/1	-	-	-	-	-	-	B.S., Mathematics, National Central University; Manager, Yuanta Securities Co., Ltd.		-	-	-	
Information System Development Department Assistant Vice President	R.O.C.	Min-zhe Jian	Male	2019/6/1	-	-	-	-	-	-	B.S., in Harbor & River Engineering, National Taiwan Ocean University; Senior Manager, Yuanta Securities Co., Ltd.		-	-	-	
Information System Development Department Assistant Vice President	R.O.C.	Ming-zheng Li	Male	2019/7/15	-	-	-	-	-	-	M.B.A., Economic, National Taiwan University; Assistant Vice President, Horizon Securities Co., Ltd.		-	-	-	
Administration and Labor Safety & Health Department Vice President	R.O.C.	Bo-ching Li	Male	2014/7/1	-	-	-	-	-	-	Junior College student in Electronic Engineering, Yu Teh Senior High School; Senior Assistant Vice President, Yuanta Securities Co., Ltd.	Senior Assistant Vice President, Dept. of Administration Management, Yuanta Financial Holding Co., Ltd.	-	-	-	
Administration and Labor Safety & Health Department Assistant Vice President	R.O.C.	Xian-jun Li	Male	2015/2/16	-	-	-	-	-	-	Junior College student in electronic equipment repair, Private Chih-Kwang Senior Vocational Business & Technology High School; Senior Manager, Yuanta Securities Co., Ltd.	Assistant Vice President, Dept. of Administration Management, Yuanta Financial Holding Co., Ltd.	-	-	-	
Finance Department Vice President	R.O.C.	Wen-ching Hsu	Male	2018/9/1	-	-	-	-	-	-	M.A., Financial Management, National Sun Yat-sen University; Vice President, Yuanta Securities Co., Ltd.	Director, Yuanta Securities (Hong Kong) Co., Ltd.; Director, Yuanta Securities Holdings (BVI) Co., Ltd.	-	-	-	
Finance Department Assistant Vice President	R.O.C.	Yu-ling Chu	Female	2018/5/1	-	-	-	-	-	-	M.A., Finance, St. John's University; Senior Manager, Yuanta Securities Co., Ltd.	Manager, Finance Department, Yuanta Securities Holdings Co., Ltd.	-	-	-	
Accounting Department Senior Assistant Vice President	R.O.C.	Shi-zhen Huang	Female	2015/2/16	-	-	-	-	-	-	M.A., Accounting, National Taiwan University; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Accounting Department Assistant Vice President	R.O.C.	Hui-ju Chuang	Female	2018/5/1	-	-	-	-	-	-	M.A., Accounting, Fu Jen Catholic University; Senior Manager, Yuanta Securities Co., Ltd.		-	-	-	
Accounting Department Assistant Vice President	R.O.C.	Ling-fang Hsu	Female	2018/5/1	-	-	-	-	-	-	M.A., Public Finance, Feng Chia University; Senior Manager, Yuanta Securities Co., Ltd.		-	-	-	

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					Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
E-commerce Department Senior Assistant Vice President	R.O.C.	Sheng-hui Yang	Female	2016/7/1	-	-	-	-	-	-	M.B.A., Management, Ming Chuang University; Assistant Vice President, Yuanta Securities Co., Ltd.	Senior Assistant Vice President, Digital Development Division, Yuanta Financial Holding Co., Ltd.	-	-	-	
Operations Center Senior Vice President	R.O.C.	Shih-huan Chang	Male	2018/4/1	-	-	-	-	-	-	M.A., Finance, Golden Gate University (USA); Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Operations Center Vice President	R.O.C.	Ching-jen Chen	Male	2017/6/1	-	-	-	-	-	-	M.B.A., Business Administration, Feng Chia University; Assistant Vice President, Yuanta Securities Co., Ltd.	Supervisor, Yuanta International Insurance Brokers Co., Ltd.	-	-	-	
Operations Center Vice President	R.O.C.	Li-hua Yang	Female	2019/6/1	-	-	-	-	-	-	B.A., in Economics, Chinese Culture University; Assistant Vice President, Yuanta Securities Co., Ltd.	Assistant Vice President, Operational Support Department, Yuanta Financial Holding Co., Ltd.	-	-	-	
Operations Center Senior Assistant Vice President	R.O.C.	Ming-chou Wei	Male	2018/5/9	-	-	-	-	-	-	E.M.B.A. National University of Kaohsiung; Assistant Vice President, Yuanta Securities Co., Ltd.		Assistant Vice President	Ching- yi Wang	Affinity	
Operations Center Senior Assistant Vice President	R.O.C.	Yu-lan Tsai	Female	2018/5/16	-	-	-	-	-	-	B.A., in Library and Information Science, National Taiwan University; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Operations Center Senior Assistant Vice President	R.O.C.	Shu-lin Chen	Female	2014/4/16	-	-	-	-	-	-	B.B.A., Business Administration, National Chung Hsing University; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Operations Center Assistant Vice President	R.O.C.	Hui-ding Huang	Female	2019/6/1	-	-	-	-	-	-	B.B.A., Business Administration, Tamkang University; Senior Manager, Yuanta Securities Co., Ltd.		-	-	-	
Business Superintendence Senior Vice President	R.O.C.	Yuan-shan Lin	Male	2017/6/1	-	-	-	-	-	-	M.B.A., Business Administration, Providence University; Executive Program, Business Administration Department, National Chengchi University; Vice President, Yuanta Securities Co., Ltd.	Director, Yuanta International Insurance Brokers Co., Ltd.	-	-	-	
Business Superintendence Senior Vice President	R.O.C.	Cheng-chuan Chiu	Male	2019/6/1	-	-	-	-	-	-	Junior College student in Bank Administration, Danshui Oxford College; Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Business Superintendence Senior Vice President	R.O.C.	Chien-hua Wu	Male	2019/6/1	-	-	-	-	-	-	M.B.A., Business Administration, National Chung Hsing University; Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Business Superintendence Vice President	R.O.C.	Ming-tsan Liao	Male	2012/4/1	-	-	-	-	-	-	LL.B., Soochow University; Vice President, Polaris Securities Co., Ltd.		-	-	-	
Business Superintendence Vice President	R.O.C.	Tsui-hua Hou	Female	2012/4/1	-	-	-	-	-	-	M.B.A., Management, National Taiwan University of Science & Technology; Vice President, Polaris Securities Co., Ltd.		-	-	-	
Business Superintendence Vice President	R.O.C.	Chen-wen Hua	Male	2016/5/16	-	-	-	-	-	-	B.B.A., Finance, Chinese Culture University; Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Business Superintendence Vice President	R.O.C.	Chih-hao Feng	Male	2016/5/16	-	-	-	-	-	-	Junior College student in International Trade, Chihlee Institute of Commerce; Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Business Superintendence Vice President	R.O.C.	Lieh-hsiung Chen	Male	2018/5/16	-	-	-	-	-	-	B.A., Information Management, Chinese Culture University; Vice President, Yuanta Securities Co., Ltd.	Director, Yuanta International Insurance Brokers Co., Ltd.	-	-	-	

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Business Superintendence Vice President	R.O.C.	Hsin-liang Lin	Male	2018/5/16	-	-	-	-	-	-	M.A., Financial Insurance, Chaoyang University of Technology; Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Business Superintendence Vice President	R.O.C.	Chao-ming Hung	Male	2018/5/16	-	-	-	-	-	-	B.A., Finance and Cooperative Management, National Chung Hsing University; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Business Superintendence Vice President	R.O.C.	Yun-ping Huang	Male	2019/9/16	-	-	-	-	-	-	M.B.A., Management, National Central University; Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Business Superintendence Senior Assistant Vice President	R.O.C.	Cheng-hung Fu	Male	2018/5/16	-	-	-	-	-	-	B.A., Mechanical Engineering, R.O.C. Military Academy; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Brokerage Department Manager	R.O.C.	Gang Fan	Male	2018/1/1	-	-	-	-	-	-	M.S., Statistic, National Chengchi University; Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Bade Branch Manager	R.O.C.	Hsiu-fen Lin	Female	2017/9/1	-	-	-	-	-	-	B.B.A., Statistics, Feng Chia University; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Sanchong Branch Manager	R.O.C.	Wen-Hsiao Yu	Male	2018/5/16	-	-	-	-	-	-	M.A., Mechanical and Mechatronic, National Taiwan Ocean University; Manager, Yuanta Securities Co., Ltd.		-	-	-	
Shangxinzhuan Branch Manager	R.O.C.	Nengn-zhong Chiu	Male	2018/5/16	-	-	-	-	-	-	M.A., Finance, Ming Chuan University; Manager, Yuanta Securities Co., Ltd.		-	-	-	
Tucheng Branch Manager	R.O.C.	Fu-te Lin	Male	2019/6/1	-	-	-	-	-	-	B.A., Sociology, Tunghai University; Manager, Yuanta Securities Co., Ltd.		-	-	-	
Tucheng Yongning Branch Manager	R.O.C.	Teh-chien Yu	Male	2017/3/1	-	-	-	-	-	-	B.S., Business Mathematics, Soochow University; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Tucheng Xuefu Branch Manager	R.O.C.	Tsung-kuo Wang	Male	2017/6/1	-	-	-	-	-	-	B.A., Oriental Languages, Chinese Culture University; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Shilin Branch Manager	R.O.C.	Chien-hsi Hu	Male	2017/6/1	-	-	-	-	-	-	M.B.A., Management, National Central University; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Datianmu Branch Manager	R.O.C.	Shu-juan Chen	Female	2018/5/16	-	-	-	-	-	-	Bankin and Finance, Takming Commercial School; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Dajia Branch Manager	R.O.C.	Po-chien Hung	Male	2019/11/16	-	-	-	-	-	-	Electrical Engineering, Shu-Te Institute of Technology; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Datong Branch Manager	R.O.C.	Jin-ji Li	Male	2017/6/1	-	-	-	-	-	-	M.A., Finance, Ming Chuan University; Manager, Yuanta Securities Co., Ltd.		-	-	-	
Daan Branch Manager	R.O.C.	Zhong-min Kang	Male	2017/6/1	-	-	-	-	-	-	B.B.A., Money & Banking, National Chengchi University; Manager, Yuanta Securities Co., Ltd.		-	-	-	
Dali Branch Manager	R.O.C.	Chen-chen Ma	Female	2017/3/1	-	-	-	-	-	-	M.B.A., Management, National Chung Hsing University; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Dali Defang Branch Manager	R.O.C.	Pin-chen Chen	Female	2018/7/1	-	-	-	-	-	-	B.A., Cooperative Economics, Feng Chia University; President, Chien Yu Securities Co., Ltd.		-	-	-	

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Dasongshan Branch Manager	R.O.C.	Mei-hui Lin	Female	2018/10/1	-	-	-	-	-	-	B.A., Banking, Chinese Culture University; Assistant Vice President, Yuanta Securities Co., Ltd.		Manager	Zi-xiu Lin	Relatives by blood within a 2nd degree of kinship	
Dayi Branch Manager	R.O.C.	Ming-chun Hsieh	Male	2015/4/1	-	-	-	-	-	-	M.B.A., Business Administration, National Cheng Kung University; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Datong Branch Manager	R.O.C.	Cheng-mao Ni	Male	2018/3/1	-	-	-	-	-	-	Junior College student in Industrial Management, Vanung Institute of Technology; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Daya Branch Manager	R.O.C.	Xiang-min Zeng	Male	2016/5/16	-	-	-	-	-	-	M.B.A., Business Administration, Feng Chia University; Manager, Yuanta Securities Co., Ltd.		-	-	-	
Dawan Branch Manager	R.O.C.	Feng-nan Huang	Male	2019/3/16	-	-	-	-	-	-	M.B.A., Finance, National Yunlin University of Science and Technology; Deputy Manager, Yuanta Securities Co., Ltd.		-	-	-	
Xiaogang Branch Manager	R.O.C.	Sheng Huang	Male	2019/6/1	-	-	-	-	-	-	B.S., Mathematics, Chung Yuan Christian University; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Zhonghe Branch Manager	R.O.C.	Hung-yuan Chang	Male	2017/3/1	-	-	-	-	-	-	Junior College student in Business Administration, Danshui Oxford College; Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Zhongli Branch Manager	R.O.C.	Chao-hsiang Chung	Male	2019/9/16	-	-	-	-	-	-	Junior College student in Industrial Management, Wan Neng Institute of Industrial and Commerce; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Renai Branch Manager	R.O.C.	Ming-wen Tsou	Male	2018/8/1	-	-	-	-	-	-	M.B.A., Finance, Fu Jen Catholic University; Manager, Yuanta Securities Co., Ltd.		-	-	-	
Neihu Branch Manager	R.O.C.	Ping-ju Lu	Male	2017/6/1	-	-	-	-	-	-	B.S., in Plant Protection, National Pingtung Polytechnic Institute; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Liuhe Branch Manager	R.O.C.	Yu-chin Li	Female	2017/5/16	-	-	-	-	-	-	M.A., Money and Banking, National Kaohsiung First University of Technology; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Tainmu Branch Manager	R.O.C.	Chi-min Wu	Male	2019/6/1	-	-	-	-	-	-	Junior College student in Business Administration, Chihlee Institute of Commerce; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Taiping Branch Manager	R.O.C.	Kun-tsung Chan	Male	2019/6/1	-	-	-	-	-	-	M.A., Accounting, National Changhua University of Education; Manager, Yuanta Securities Co., Ltd.		-	-	-	
Wenxin Branch Manager	R.O.C.	Yao-tsu Huang	Male	2016/5/16	-	-	-	-	-	-	M.B.A., Business Administration, Feng Chia University; Manager, Yuanta Securities Co., Ltd.		-	-	-	
Wenxin Xingan Branch Manager	R.O.C.	Wei-chieh Hsia	Male	2019/11/16	-	-	-	-	-	-	M.A., Accounting, National Changhua University of Education; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	

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					Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Douliu Branch Manager	R.O.C.	Huan-chang Hung	Male	2017/3/1	-	-	-	-	-	-	M.B.A., Management, National Changhua University of Education; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Muzha Branch Manager	R.O.C.	Ching-yi Wang	Male	2017/1/1	-	-	-	-	-	-	B.B.A., Business Administration, Tunghai University; Assistant Vice President, Yuanta Securities Co., Ltd.		Senior Assistant Vice President	Ming- chou Wei	Affinity	
Beisanchong Branch Manager	R.O.C.	Mu-shan Li	Male	2019/3/1	-	-	-	-	-	-	M.B.A., Business Administration, City University of Seattle (USA); Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Beitun Branch Manager	R.O.C.	Suang-feng Chen	Female	2018/7/1	-	-	-	-	-	-	M.B.A., Insurance, Chaoyang University of Technology; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Beichenggong Branch Manager	R.O.C.	Chung-chang Tseng	Male	2017/6/1	-	-	-	-	-	-	B.F., Finance, Tamkang University; Manager, Yuanta Securities Co., Ltd.		-	-	-	
Beitou Branch Manager	R.O.C.	Shih-chin Luo	Male	2018/1/1	-	-	-	-	-	-	B.B.A., Business Administration, Chinese Culture University; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Beigang Branch Manager	R.O.C.	Shu-chuan Chan	Female	2018/11/1	-	-	-	-	-	-	M.A., Business Administration, National Formosa University; Manager, Yuanta Securities Co., Ltd.		-	-	-	
Guting Branch Manager	R.O.C.	Pei-heng Chuang	Male	2018/8/1	-	-	-	-	-	-	B.A., International Business, Tamkang University; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Taizhong Zhonggang Branch Manager	R.O.C.	Ju-hsu Hung	Male	2018/7/1	-	-	-	-	-	-	B.A., Business Administration, Nan Kai University of Technology; Manager, Yuanta Securities Co., Ltd.		-	-	-	
Taichung Branch Manager	R.O.C.	Shu-chen Hsieh	Female	2019/6/1	-	-	-	-	-	-	M.B.A., Business Administration, Feng Chia University; Manager, Yuanta Securities Co., Ltd.		-	-	-	
Taipei Branch Manager	R.O.C.	Chen-jung Chen	Male	2018/1/1	-	-	-	-	-	-	M.B.A., Business Administration, Tamkang University; Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Tainan Branch Manager	R.O.C.	Jun-jie Shen	Male	2016/9/1	-	-	-	-	-	-	B.S., Forestry, National Chung Hsing University; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Siwei Branch Manager	R.O.C.	Pao-hui Hsu	Female	2019/6/1	-	-	-	-	-	-	M.B.A., Management, National Kaohsiung University of Applied Sciences; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Zuoying Branch Manager	R.O.C.	Mei-xue Wang	Female	2019/6/1	-	-	-	-	-	-	M.B.A., Business Administration, National Sun Yat-sen University; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Minsheng Branch Manager	R.O.C.	Zi-xiu Lin	Female	2019/8/1	-	-	-	-	-	-	M.B.A., Business Administration, Tamkang University; Deputy Manager, Yuanta Securities Co., Ltd.		Assistant Vice President	Mei- hui Lin	Relatives by blood within a 2nd degree of kinship	
Minxiong Branch Manager	R.O.C.	Tsui-ping Chang	Female	2018/6/16	-	-	-	-	-	-	M.B.A., Finance, National Yunlin University of Science and Technology; Manager, Yuanta Securities Co., Ltd.		-	-	-	

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Yonghe Branch Manager	R.O.C.	Wen-pao Li	Male	2017/3/1	-	-	-	-	-	-	M.B.A., Finance, National Taiwan University; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Yongkang Branch Manager	R.O.C.	Ting-feng Wang	Male	2019/3/16	-	-	-	-	-	-	M.B.A., Business Administration, National Cheng Kung University; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Xiangshang Branch Manager	R.O.C.	Li-na Hsu	Female	2016/4/1	-	-	-	-	-	-	M.B.A., Management, National Chung Hsing University; Deputy Manager, Yuanta Securities Co., Ltd.		-	-	-	
Chenggong Branch Manager	R.O.C.	Yeh-hsiang Chin	Male	2019/6/1	-	-	-	-	-	-	M.B.A., Finance, National Central University; Manager, Yuanta Securities Co., Ltd.		-	-	-	
Xizhi Branch Manager	R.O.C.	Yung-hui Chen	Female	2017/9/1	-	-	-	-	-	-	B.B.A., Accounting, Providence University; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Zhushan Branch Manager	R.O.C.	Wen-hui Lin	Female	2016/5/16	-	-	-	-	-	-	M.B.A., Business Administration, National Chung Hsing University; Manager, Yuanta Securities Co., Ltd.		-	-	-	
Zhubei Branch Manager	R.O.C.	Chien-hsing Hsiao	Male	2019/9/16	-	-	-	-	-	-	B.S., Electrical Engineering, Feng Chia University ; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Zhudong Branch Manager	R.O.C.	Wen-zheng Zhong	Male	2019/9/16	-	-	-	-	-	-	B.A., Finance, Nanya Institute of Technology; Deputy Manager, Yuanta Securities Co., Ltd.		-	-	-	
Zhunan Branch Manager	R.O.C.	Mei-wen Chen	Female	2018/3/1	-	-	-	-	-	-	B.A., Finance, I-SHOU University; Manager, Yuanta Securities Co., Ltd.		-	-	-	
Zhuoke Branch Manager	R.O.C.	Chih-Yen Chen	Male	2018/11/1	-	-	-	-	-	-	Junior College student in Bank Administration, Danshui Oxford College; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Xitun Branch Manager	R.O.C.	Hsin-pang Shih	Female	2018/7/1	-	-	-	-	-	-	M.A., Accounting, National Changhua University of Education; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Ximen Branch Manager	R.O.C.	Kun-ming Xie	Male	2017/5/16	-	-	-	-	-	-	M.A., Economics, National Tsing Hua University ; Manager, Yuanta Securities Co., Ltd.		-	-	-	
Xiluo Branch Manager	R.O.C.	Hong-qing Li	Male	2017/9/1	-	-	-	-	-	-	M.B.A., Business Administration, Providence University; Manager, Yuanta Securities Co., Ltd.		-	-	-	
Shalu Branch Manager	R.O.C.	Hsiu-ju Huang	Female	2016/5/16	-	-	-	-	-	-	M.B.A., Business Administration, National Chung Hsing University; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Jiali Branch Manager	R.O.C.	Chen-chang Chiu	Male	2017/2/16	-	-	-	-	-	-	B.B.B., International Trade, Chung Yuan Christian University; Manager, Yuanta Securities Co., Ltd.		-	-	-	
Fucheng Branch Manager	R.O.C.	Yung-chen Wang	Male	2016/2/1	-	-	-	-	-	-	B.A., Cooperative Economics, Tamkang University; Manager, Yuanta Securities Co., Ltd.		-	-	-	
Zhongxiao Branch Manager	R.O.C.	Ssu-kei Li	Male	2017/3/1	-	-	-	-	-	-	M.B.A., Business Administration, University of North Alabama (USA); Vice President, Yuanta Securities Co., Ltd.		-	-	-	

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Zhongxiao Dingfu Branch Manager	R.O.C.	Chih-jung Jao	Male	2018/3/1	-	-	-	-	-	-	Taipei Municipal Chenggong High School; Vice President, Team Pro Securities Co., Ltd.		-	-	-	
Chengde Branch Manager	R.O.C.	Shu-nu Chen	Female	2017/9/1	-	-	-	-	-	-	M.B.A., Management, National Chung Hsing University; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Dongmen Branch Manager	R.O.C.	Hsu-chen Hou	Female	2019/5/16	-	-	-	-	-	-	Junior College student in Insurance, Taichung Institute of Business; Manager, Yuanta Securities Co., Ltd.		-	-	-	
Dongtai Branch Manager	R.O.C.	Hsien-feng Chou	Male	2019/6/1	-	-	-	-	-	-	M.B.A., Business Management, National Kaohsiung University of Applied Sciences; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Donggang Branch Manager	R.O.C.	Pang-ning Cheng	Male	2016/2/1	-	-	-	-	-	-	B.A., Chinese Literature, Chinese Culture University; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Donglu Branch Manager	R.O.C.	Chih-hsiung Chen	Male	2018/10/1	-	-	-	-	-	-	Junior College student in Mechanical Engineering, United Institute of Technology; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Songshan Branch Manager	R.O.C.	Wen-shan Yan	Male	2018/1/1	-	-	-	-	-	-	M.A., International Finance, Taipei University; Manager, Yuanta Securities Co., Ltd.		-	-	-	
Songjiang Branch Manager	R.O.C.	Chen-ming Lin	Male	2018/5/16	-	-	-	-	-	-	M.A., Business Administration, National Central University; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Banqiao Sanmin Branch Manager	R.O.C.	Che-hsing Mei	Male	2018/7/1	-	-	-	-	-	-	A.D., Business Administration, Open College Affiliated with National Taipei University of Business; Manager, Yuanta Securities Co., Ltd.		-	-	-	
Banqiao Branch Manager	R.O.C.	Tien-yo Sun	Male	2018/1/1	-	-	-	-	-	-	B.A., International Business, Tamkang University; Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Linsen Branch Manager	R.O.C.	Zhi-de Zhao	Male	2017/9/1	-	-	-	-	-	-	B.A., Business Administration, Shih Chien University; Deputy Manager, Yuanta Securities Co., Ltd.		-	-	-	
Linyuan Branch Manager	R.O.C.	Yue-jun Zhong	Male	2019/4/1	-	-	-	-	-	-	M.A., Financial Management, National Sun Yat-sen University; Deputy Manager, Yuanta Securities Co., Ltd.		-	-	-	
Hualien Branch Manager	R.O.C.	Tsung-che Yang	Male	2019/9/1	-	-	-	-	-	-	M.B.A., Business Administration, Dong Hwa University; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Huwei Branch Manager	R.O.C.	Rui-tian Hou	Female	2019/3/16	-	-	-	-	-	-	A.D., Business Administration, Open College Affiliated with National Taichung Institute of Technology; Manager, ChungNour Co., Ltd.		-	-	-	
Jinmen Branch Manager	R.O.C.	Chang-min Li	Male	2019/7/1	-	-	-	-	-	-	B.A., Insurance, Tamkang University; Deputy Manager, Yuanta Securities Co., Ltd.		-	-	-	
Jinhua Branch Manager	R.O.C.	Jing-ya Chen	Female	2019/3/16	-	-	-	-	-	-	M.I.M., Information Administration, Kun Shan University; Deputy Manager, Yuanta Securities Co., Ltd.		-	-	-	
Changung Branch Manager	R.O.C.	Guan-rong Xu	Male	2019/7/29	-	-	-	-	-	-	E.M.B.A. National University of Kaohsiung; Deputy Manager, Yuanta Securities Co., Ltd.		-	-	-	
Xinyi Branch Manager	R.O.C.	Kuan-chih Chen	Male	2016/5/16	-	-	-	-	-	-	B.A., Business Administration, Fu Jen Catholic University; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	

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Qianjin Branch Manager	R.O.C.	Peng-chih Fang	Male	2019/6/1	-	-	-	-	-	-	B.A., Finance, Fortune Institute of Technology; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Nantun Branch Manager	R.O.C.	Sheng-ming Hsiao	Male	2019/11/16	-	-	-	-	-	-	Junior College student in Banking & Insurance, Ling Tung Institute of Commerce; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Nantou Branch Manager	R.O.C.	Kui-hsiang Wang	Female	2016/5/16	-	-	-	-	-	-	B.B.A., Commerce, Open University; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Nanjian Branch Manager	R.O.C.	Jung-tsai Liu	Male	2017/3/1	-	-	-	-	-	-	B.A., Business Administration, Fu Jen Catholic University; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Nankan Branch Manager	R.O.C.	You-fang Guan	Male	2019/6/1	-	-	-	-	-	-	B.B.B., International Trade, Chung Yuan Christian University; Manager, Yuanta Securities Co., Ltd.		-	-	-	
Nanhai Branch Manager	R.O.C.	Jung-kun Wu	Male	2019/1/1	-	-	-	-	-	-	M.A., Financial Management, National Sun Yat-sen University; Manager, Yuanta Securities Co., Ltd.		-	-	-	
Nanshijiao Branch Manager	R.O.C.	Wen-qing Ye	Male	2018/9/1	-	-	-	-	-	-	Junior College student in Clerical Affairs Processing, Taipei School of Commerce; Deputy Manager, Yuanta Securities Co., Ltd.		-	-	-	
Pingtung Branch Manager	R.O.C.	Tung-chieh Hsieh	Male	2019/3/1	-	-	-	-	-	-	B.A., Finance, Fortune Institute of Technology; Deputy Manager, Yuanta Securities Co., Ltd.		-	-	-	
Pingtung Minsheng Branch Manager	R.O.C.	Cong-yi Kang	Male	2017/3/1	-	-	-	-	-	-	B.S., Department of Hydraulic Engineering; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Pingnan Branch Manager	R.O.C.	Ting-shen Wang	Male	2015/7/16	-	-	-	-	-	-	B.A., Business Administration, Soochow University; Vice President, Shanghao Securities Co., Ltd.		-	-	-	
Yuanli Branch Manager	R.O.C.	Bo-zhi Lin	Male	2018/10/1	-	-	-	-	-	-	M.B.A., Business Administration, National Taichung University of Science and Technology; Deputy Manager, Yuanta Securities Co., Ltd.		-	-	-	
Miaoli Branch Manager	R.O.C.	Cheng-che Chung	Male	2019/10/1	-	-	-	-	-	-	B.A., Cooperative Economics, Tamkang University; Deputy Manager, Yuanta Securities Co., Ltd.	Director, Tai Yi Cast Steel Co., Ltd.; Chairman, Tai He Metal Tech Co., Ltd.	-	-	-	
Yuanlin Zhongshan Branch Manager	R.O.C.	Hui-jung Chang	Female	2018/5/16	-	-	-	-	-	-	M.B.A., Finance and Insurance, Chaoyang University of Technology; Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Yuanlin Branch Manager	R.O.C.	Hsiu-ching Huang	Female	2018/7/1	-	-	-	-	-	-	M.B.A., Finance, National Yunlin University of Science and Technology; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Taoyuan Branch Manager	R.O.C.	Xin-yong Deng	Male	2019/6/1	-	-	-	-	-	-	Junior College student in Tourism, Danshui Oxford College; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Taoxing Branch Manager	R.O.C.	Guang-yue Zhang	Male	2018/3/1	-	-	-	-	-	-	B.B.A., Finance Administration, Ming Chuan College of Management; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Caotun Branch Manager	R.O.C.	Yu-oh Hsu	Female	2017/6/1	-	-	-	-	-	-	B.A., Business Administration, Fu Jen Catholic University; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Kaohsiung Branch Manager	R.O.C.	Shih-Hsiung Lin	Male	2018/5/16	-	-	-	-	-	-	B.A., International Business, National Chengchi University; Vice President, Yuanta Securities Co., Ltd.		-	-	-	

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Keelung Branch Manager	R.O.C.	Huo-shun Hung	Male	2015/4/1	-	-	-	-	-	-	Junior College student in Electronics, Taipei Shixin Senior Commercial Vocational School; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Jilong Xiaoer Branch Manager	R.O.C.	Shun-chih Yang	Male	2018/10/1	-	-	-	-	-	-	B.A., Economics, Tunghai University; Manager, Yuanta Securities Co., Ltd.		-	-	-	
Chongde Branch Manager	R.O.C.	Wen-tan Lin	Male	2016/5/16	-	-	-	-	-	-	M.B.A., Accounting, National Yunlin University of Science and Technology; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Danshui Branch Manager	R.O.C.	Cheng-liang Hou	Male	2016/6/18	-	-	-	-	-	-	Junior College student in Industrial Engineering and Management, Danshui Oxford College; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Qingshui Branch Manager	R.O.C.	Chun-de Lai	Male	2019/3/16	-	-	-	-	-	-	M.B.A., Finance, National Chung Hsing University; Manager, Yuanta Securities Co., Ltd.		-	-	-	
Juguang Branch Manager	R.O.C.	Hui-shu Kuo	Female	2015/7/16	-	-	-	-	-	-	M.B.A., Business Administration, National Pingtung University of Technology; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Lugang Branch Manager	R.O.C.	Hung-chuan Chen	Male	2019/11/16	-	-	-	-	-	-	M.B.A., Management, Providence University; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Bo-ai Branch Manager	R.O.C.	Hsiao-pei Su	Female	2019/6/1	-	-	-	-	-	-	M.B.A., Business Administration, National Sun Yat-sen University; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Shanhua Branch Manager	R.O.C.	Shao-wei Wu	Male	2018/11/1	-	-	-	-	-	-	B.A., Accounting, Feng Chia University; Manager, Yuanta Securities Co., Ltd.		-	-	-	
Fubei Branch Manager	R.O.C.	Chung-yung Hsiao	Male	2018/5/16	-	-	-	-	-	-	B.B.A., Business Administration, National Chung Hsing University; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Dunhua Branch Manager	R.O.C.	Chih-yu Chen	Male	2017/6/1	-	-	-	-	-	-	B.A., Cooperative Economics, Tamkang University; Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Dunnan Branch Manager	R.O.C.	Tsung-shang Chen	Male	2018/10/1	-	-	-	-	-	-	B.A., Economics, Fu Jen Catholic University; Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Jingmei Branch Manager	R.O.C.	Chiu-jung Liu	Female	2018/8/1	-	-	-	-	-	-	B.B.A., Business Administration, Open Business College Affiliated With Takming University of Science and Technology; Manager, Yuanta Securities Co., Ltd.		-	-	-	
Facai Branch Manager	R.O.C.	Kuo-liang Chen	Male	2019/1/1	-	-	-	-	-	-	B.S., Applied Mathematics, Chinese Culture University; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Huashan Branch Manager	R.O.C.	Li-ching Huang	Female	2019/8/1	-	-	-	-	-	-	M.B.A., Management, National Central University; Deputy Manager, Yuanta Securities Co., Ltd.		-	-	-	
Kaiyuan Branch Manager	R.O.C.	Ching-fu Chen	Male	2016/4/1	-	-	-	-	-	-	Junior College student in Business Administration, Datong Institute of Commerce; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Hsinchu Branch Manager	R.O.C.	Ya-jou Chen	Female	2019/6/1	-	-	-	-	-	-	M.A., Finance, National Chiao Tung University; Manager, Yuanta Securities Co., Ltd.		-	-	-	

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Xinzhu Jingguo Branch Manager	R.O.C.	Chien-min Yeh	Male	2018/3/1	-	-	-	-	-	-	Junior College student in Mechanical, Dacheng High School; Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Xinheping Branch Manager	R.O.C.	Ying-hsiang Shen	Male	2019/3/1	-	-	-	-	-	-	B.A., Banking, Tamkang University; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Xindian Zhongzheng Branch Manager	R.O.C.	Huai-chung Pan	Male	2017/3/1	-	-	-	-	-	-	M.B.A., Human Resources Public Relations of Da-Yeh University; Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Xinsheng Branch Manager	R.O.C.	Hui-ying Wu	Female	2015/7/16	-	-	-	-	-	-	B.A., Business Administration, Soochow University; Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Xinzhuang Branch Manager	R.O.C.	Jung-chien Chen	Male	2018/1/1	-	-	-	-	-	-	B.A., Land Administration, National Chung Hsing University; Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Xinying Branch Manager	R.O.C.	Yong-jie Xie	Male	2018/2/16	-	-	-	-	-	-	M.B.A., Financial, National Chung Cheng University; Deputy Manager, Yuanta Securities Co., Ltd.		-	-	-	
Yangmei Branch Manager	R.O.C.	Jen-ping Huang	Male	2018/3/1	-	-	-	-	-	-	M.B.A., Management, National Central University; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Luzhu Branch Manager	R.O.C.	Ching-yu Wu	Male	2016/9/1	-	-	-	-	-	-	B.A. National Kaohsiung First University of Science and Technology; Manager, Yuanta Securities Co., Ltd.		-	-	-	
Chiayi Branch Manager	R.O.C.	Wei-jen, Chen	Male	2018/11/1	-	-	-	-	-	-	B.A., Finance, Kun Shan University; Manager, Yuanta Securities Co., Ltd.		-	-	-	
Changhua Branch Manager	R.O.C.	Zheng-nan Yao	Male	2019/3/16	-	-	-	-	-	-	Junior College student in Agriculture Mechanical Engineering, Taiwan Provincial Pingtung Institute of Agriculture; Manager, Yuanta Securities Co., Ltd.		-	-	-	
Zhanghan Minsheng Branch Manager	R.O.C.	Pei-jin Li	Female	2019/11/16	-	-	-	-	-	-	M.B.A., Business Administration, National Chung Hsing University; Manager, Yuanta Securities Co., Ltd.		-	-	-	
Qishan Branch Manager	R.O.C.	Zhen-zhong Luo	Male	2019/4/1	-	-	-	-	-	-	M.B.A., Business Management, National Kaohsiung University of Applied Sciences; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Fuying Branch Manager	R.O.C.	Tai-yi Lai	Male	2017/3/1	-	-	-	-	-	-	LL.B., Fu Jen Catholic University; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Mengjia Branch Manager	R.O.C.	Ssu-han Li	Male	2017/3/1	-	-	-	-	-	-	M.A., Business Management, Taipei University; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Fengshan Branch Manager	R.O.C.	Pao-chi Hung	Male	2019/6/1	-	-	-	-	-	-	Junior College student in Electrical Engineering, Cheng-Shiu Institute of Technology & Commerce; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Fengzhong Branch Manager	R.O.C.	Yao-wen Chang	Male	2015/7/16	-	-	-	-	-	-	B.B.B., International Trade, Chung Yuan Christian University; Manager, Yuanta Securities Co., Ltd.		-	-	-	
Chaozhou Branch Manager	R.O.C.	Zhen-yuan Liu	Male	2019/4/1	-	-	-	-	-	-	M.B.A., Finance, National Kaohsiung First University of Science and Technology; Deputy Manager, Yuanta Securities Co., Ltd.		-	-	-	
Xuejia Branch Manager	R.O.C.	Jin-yi Chen	Male	2017/9/1	-	-	-	-	-	-	B.S., Information Administration, Ministry of Education; Deputy Manager, Yuanta Securities Co., Ltd.		-	-	-	

Titles (Note 1)	Nationality	Name	Sex	Date elected (taken office) (YYYY/MM/DD)	Shareholding		Shareholdings by spouse and underage children		Shareholding by nominee arrangement		Education and selected past positions (Note 2)	Current additional positions	Spouse or relatives within two degrees who are managers, directors or supervisors			Remarks (Note 3)
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Shulin Branch Manager	R.O.C.	Wen-shan Lu	Male	2019/1/1	-	-	-	-	-	-	B.B.A., Business Administration, Tamkang University; Deputy Manager, Yuanta Securities Co., Ltd.		-	-	-	
Toufen Branch Manager	R.O.C.	Chin-hsien Chen	Male	2016/5/16	-	-	-	-	-	-	B.A., Accounting, I-Shou University; Manager, Yuanta Securities Co., Ltd.		-	-	-	
Guanqian Branch Manager	R.O.C.	Ming-wen Lin	Male	2016/6/18	-	-	-	-	-	-	B.B.A., Banking and Insurance, Chia University; Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Longtan Branch Manager	R.O.C.	Hao-jun Cheng	Male	2019/5/16	-	-	-	-	-	-	B.B.A., Shipping and Transproation Management, National Taiwan Ocean University; Manager, Yuanta Securities Co., Ltd.		-	-	-	
Guiren Branch Manager	R.O.C.	Ching-hua Wang	Male	2016/9/1	-	-	-	-	-	-	Junior College student in Electrical Engineering, Eastern Institute of Technology and Commerce; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Fengyuan Branch Manager	R.O.C.	Mei-ling Huang	Female	2019/11/16	-	-	-	-	-	-	General Program, Ming-Dao High School; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Fengyuan Zhanqian Branch Manager	R.O.C.	Hsiao-chi Nien	Male	2017/6/1	-	-	-	-	-	-	M.A., Accounting, National Changhua University of Education; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Zhenbei Branch Manager	R.O.C.	Chiao-chu Chang	Male	2018/7/1	-	-	-	-	-	-	B.S., Soil and Water Conservation, National Chung Hsing University; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Shuanghe Branch Manager	R.O.C.	Teng-rui Chu	Male	2016/5/16	-	-	-	-	-	-	Junior College student in Radio & Television, National Taiwan Academy of Arts; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Luodong Branch Manager	R.O.C.	Wei-chen Huang	Male	2019/9/1	-	-	-	-	-	-	A.D., Business Administration, Open College Affiliated with National Taipei University of Business; Manager, Yuanta Securities Co., Ltd.		-	-	-	
Luzhou Branch Manager	R.O.C.	Mu-xin Xu	Male	2017/6/1	-	-	-	-	-	-	Junior College student in Mechanical Engineering, Paul Hsu Senior High School; Assistant Vice President, Yuanta Securities Co., Ltd.		-	-	-	
Yingge Branch Manager	R.O.C.	Chun-jie Liu	Male	2017/12/1	-	-	-	-	-	-	B.B.A., Business Administration, Ching Yun University; Manager, Yuanta Securities Co., Ltd.		-	-	-	
Xinyonghe Branch Manager	R.O.C.	Li-hua Li	Female	2019/5/16	-	-	-	-	-	-	M.B.A., Business Administration, National Chia Yi University; Manager, Yuanta Securities Co., Ltd.		-	-	-	

Note 1: Information include all persons holding a position equivalent to president, vice president, assistant vice president or key managers from each department and branch entity must be disclosed, regardless of title.

Note 2: The work experience of anyone above relating to their current roles, e.g. previous employment in the auditor's firm or employment in a related company, must be addressed with detailed job titles and responsibilities

Note 3: If the President or equivalent (the supreme management) of the Company is the same person, spouse or relative within a 1st degree of kinship of the Chairman, please describe the reason, rationality, necessity and responsive measures (e.g. Increasing the seats of independent director, and a majority of directors prohibited from serving as employees or managers concurrently).

(VI) Remuneration paid to Directors, Supervisors, Presidents, and Executive Vice Presidents

1. Compensation paid to Directors (including Independent Directors) (Summarized in accordance with the Range of Remuneration disclosed)

Data as of FY 2019

Unit: NT\$ thousand

Title		Name	Remuneration to directors								Ratio of Total Remuneration (A+B+C+D) to Net Income(%)		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income(%)		Remuneration from invested non-subsidiary enterprise(s)
			Base Compensation (A)		Pension upon retirement (B)		Bonus to Directors (C)		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Profit Sharing- Employee Bonus (G)(note 3)						
			The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	
																	Cash	Stock	Cash	Stock			
Director	Chairman	Yuanta Financial Holding Co., Ltd. Representative: Hsiu-wei (Vincent) Chen	49,139	49,139	0	0	0	0	2,954	2,954	0.58%	0.58%	22,793	22,793	0	0	47	0	47	0	0.84%	0.84%	59,469
	Deputy Chairman	Yuanta Financial Holding Co., Ltd. Representative: Ming-hong(Ted) Ho																					
	Director	Yuanta Financial Holding Co., Ltd. Representative: Ting-chien (Tony) Shen																					
	Director	Yuanta Financial Holding Co., Ltd. Representative: Wei-cheng (Bobby) Hwang																					
	Director	Yuanta Financial Holding Co., Ltd. Representative: Ku-pin Huang																					
	Director	Yuanta Financial Holding Co., Ltd. Representative: Yueng-lin Ma																					
	Director	Yuanta Financial Holding Co., Ltd. Representative: Yueh-tsang Lee																					
	Director	Yuanta Financial Holding Co., Ltd. Representative: Yow-chih Huang																					
	Director	Yuanta Financial Holding Co., Ltd. Representative: Ching-kuang Shen																					
	Director	Yuanta Financial Holding Co., Ltd. Representative: Lung-fan Lin																					
	Director	Yuanta Financial Holding Co., Ltd. Representative: Jui-chen Ma																					
	Director	Yuanta Financial Holding Co., Ltd. Representative: Yong-zhi Su																					
	Director	Yuanta Financial Holding Co., Ltd. Representative: Chi-chang Chen(Note 4)																					
	Director	Yuanta Financial Holding Co., Ltd. Representative: Wei-jian Ma(Note 4)																					

Title		Name	Remuneration to directors								Ratio of Total Remuneration (A+B+C+D) to Net Income(%)		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income(%)		Remuneration from invested non-subsidiary enterprise(s)
			Base Compensation (A)		Pension upon retirement (B)		Bonus to Directors (C)		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Profit Sharing- Employee Bonus (G)(note 3)						
			The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	
Cash	Stock	Cash															Stock						
Independent Director	Independent Director	Yuanta Financial Holding Co., Ltd. Representative: Ching-shan Hung	11,308	11,308	0	0	0	0	1,693	1,693	0.15%	0.15%	0	0	0	0	0	0	0	0.15%	0.15%	2,358	
	Independent Director	Yuanta Financial Holding Co., Ltd. Representative: Tu-mu Kuo																					
	Independent Director	Yuanta Financial Holding Co., Ltd. Representative: Kun-hung Lai																					
	Independent Director	Yuanta Financial Holding Co., Ltd. Representative: Hsing-yi Chow																					
	Independent Director	Yuanta Financial Holding Co., Ltd. Representative: Yu-qun Wu																					
	Independent Director	Yuanta Financial Holding Co., Ltd. Representative: Sou-shan Wu(Note 4)																					
	Independent Director	Yuanta Financial Holding Co., Ltd. Representative: Chuang-li Chang(Note 4)																					
	Independent Director	Yuanta Financial Holding Co., Ltd. Representative: Nai-kuan Huang(Note 4)																					

1. Please state the policies, systems, standards and structure of remuneration to independent directors, and the relations between the remuneration and the job responsibility, risk and engagement hours borne by the independent directors:

As a subsidiary wholly owned by Yuanta Financial Holding Co., Ltd. (hereinafter referred to as Yuanta Financial Holdings), all the Company's independent directors are appointed by the parent company.

The remuneration to independent directors is paid based on Yuanta Financial Holdings' principles for payment of remuneration to independent directors and reported to the Company's board meeting for resolution.

2. Other than the remuneration disclosed in said table, the remuneration received by any of the Company's directors for providing services to any companies included in the financial statement, e.g., as an advisor other than employee in the most recent year: N/A.

Note 1: Payments to Directors are to be calculated in principle from the date of their actually taking office during the current fiscal year.

Note 2: All remuneration information disclosed in this table differs from the concept of income as described in the Income Tax Act. Thus, the amounts computed and listed above are for the income of the given year.

Note 3: Refers to any employee's remuneration (including stock and cash) which the Director has received in the latest year for assuming the role of a Company employee (such as President, Vice President, manager or other employee).

Note 4: Has left the company.

Range of Remuneration

Unit: NT\$ thousand

Breakdown of remuneration to directors (NT\$)	Directors			
	Sum of foregoing four items (A+B+C+D)		Sum of foregoing seven items (A+B+C+D+E+F+G)	
	Yuanta Securities	Companies included into the financial statement	Yuanta Securities	Companies included into the financial statement
Below 1,000,000	Wei-cheng (Bobby) Hwang, Guh-bin Huang, Yueng-lin Ma, Yueh-tsang Lee, Yow-chih Huang, Ching-kuang Shen, Lung-fan Lin, Jui-chen Ma, Yong-zhi Su, Chi-chang Chen, Wei-jian Ma, Hsing-yi Chow, Sou-shan Wu	Wei-cheng (Bobby) Hwang, Guh-bin Huang, Yueng-lin Ma, Yueh-tsang Lee, Yow-chih Huang, Ching-kuang Shen, Lung-fan Lin, Jui-chen Ma, Yong-zhi Su, Chi-chang Chen, Wei-jian Ma, Hsing-yi Chow, Sou-shan Wu	Guh-bin Huang, Yueng-lin Ma, Yueh-tsang Lee, Yow-chih Huang, Ching-kuang Shen, Lung-fan Lin, Jui-chen Ma, Yong-zhi Su, Wei-jian Ma, Hsing-yi Chow, Sou-shan Wu	Yong-zhi Su
1,000,000 (inclusive)~2,000,000 (exclusive)	Ching-shan Hung, Yu-qun Wu, Chuang-li Chang	Ching-shan Hung, Yu-qun Wu, Chuang-li Chang	Ching-shan Hung, Yu-qun Wu, Chuang-li Chang	Wei-jian Ma, Ching-shan Hung , Yu-qun Wu, Sou-shan Wu, Chuang-li Chang
2,000,000 (inclusive)~3,500,000 (exclusive)	Tu-mu Kuo, Kun-hung Lai, Nai-kuan Huang	Tu-mu Kuo, Kun-hung Lai, Nai-kuan Huang	Tu-mu Kuo, Kun-hung Lai, Nai-kuan Huang	Ku-pin Huang, Yueng-lin Ma, Yueh-tsang Lee, Yow-chih Huang, Ching-kuang Shen, Lung-fan Lin, Jui-chen Ma, Tu-mu Kuo, Kun-hung Lai, Hsing-yi Chow, Nai-kuan Huang
3,500,000 (inclusive)~5,000,000 (exclusive)	Ting-chien (Tony) Shen	Ting-chien (Tony) Shen	Ting-chien (Tony) Shen, Chi-chang Chen	Chi-chang Chen
5,000,000 (inclusive)~10,000,000 (exclusive)				
10,000,000 (inclusive)~15,000,000 (exclusive)				
15,000,000 (inclusive)~30,000,000 (exclusive)	Hsiu-wei (Vincent) Chen, Ming-hong(Ted) Ho	Hsiu-wei (Vincent) Chen, Ming-hong(Ted) Ho	Hsiu-wei (Vincent) Chen, Ming-hong(Ted) Ho, Wei-cheng (Bobby) Hwang	Hsiu-wei (Vincent) Chen, Ming-hong(Ted) Ho, Wei-cheng (Bobby) Hwang
30,000,000 (inclusive)~50,000,000 (exclusive)				Ting-chien (Tony) Shen
50,000,000 (inclusive)~100,000,000 (exclusive)				
Over 100,000,000				
Total	65,094	65,094	87,934	149,761

2. Remuneration paid to Presidents and Vice Presidents (Summarized in accordance with the Range of Remuneration disclosed)

Data as of FY 2019

Unit: NT\$ thousand

Title	Name	Salary (A)		Pension upon retirement (B)		Cash incentives and special discretionary allowance etc. (C)		Employee profit sharing (D)				Combined A, B, C, and D total compensation in % of net income		Remuneration from invested non-subsidiary enterprise(s)
		The company	Companies included into the financial statement	The company	Companies included into the financial statement	The company	Companies included into the financial statement	The company		Companies included into the financial statement		The company	Companies included into the financial statement	
								Cash	Shares	Cash	Shares			
President	Wei-cheng (Bobby) Hwang	129,239	129,239	0	0	420,150	420,558	1,972	0	1,972	0	6.15%	6.16%	3,179
Executive Vice President	Shao-hsing Kung													
Executive Vice President	Ming-lang Liu													
Executive Vice President	Ya-bin Li													
Executive Vice President	Xin-hui Tseng													
Executive Vice President	Feng-hsiang Kuo													
Executive Vice President	Mei-ling Guo													
Senior Vice President	Kuang-chi She													
Senior Vice President	Hung-chan Tseng													
Senior Vice President	Chun-cheng Cheng													
Vice President	Yi-wun Ma													
Senior Vice President	Yu-shun Yang													
Senior Vice President	Jing-ru Li													
Senior Vice President	Chen-hsiang Wu													
Senior Vice President	Shih-huan Chang													
Senior Vice President	Hsien-ling Yeh													
Senior Vice President	Shu-hua Jiang													
Senior Vice President	Yuan-shan Lin													
Senior Vice President	Cheng-chuan Chiu													
Senior Vice President	Chien-hua Wu													
Vice President	Bo-ching Li													
Vice President	Song-shan Zhao													
Vice President	Wen-ching Hsu													
Vice President	Ying-ling Chen													
Vice President	Jun-jie Huang													
Vice President	Hsi-ying Chen													
Vice President	Yao-cheng Kuo													
Vice President	Yen-ying Liu													
Vice President	Zhi-qi Liu													
Vice President	Wei-zhen Zhang													
Vice President	Tung-tai Yu													

Title	Name	Salary (A)		Pension upon retirement (B)		Cash incentives and special discretionary allowance etc. (C)		Employee profit sharing (D)				Combined A, B, C, and D total compensation in % of net income		Remuneration from invested non-subsidiary enterprise(s)
		The company	Companies included into the financial statement	The company	Companies included into the financial statement	The company	Companies included into the financial statement	The company		Companies included into the financial statement		The company	Companies included into the financial statement	
								Cash	Shares	Cash	Shares			
Vice President	Ming-tsan Liao													
Vice President	Tsui-hua Hou													
Vice President	Chen-wen Hua													
Vice President	Chih-hao Feng													
Vice President	Lieh-hsiung Chen													
Vice President	Hsin-liang Lin													
Vice President	Chao-ming Hung													
Vice President	Yun-ping Huang													
Vice President	Ching-jen Chen													
Vice President	Li-hua Yang													
Vice President	Pei-chen Lin													
Vice President	Jia-yu Weng													
Vice President	Rui-hua Huang													
Vice President	Chen-yuan Yang													
Vice President	Xiu-hui Meng													
Vice President	Mei-xiang Huang													
Vice President	Wei-yun Cheng													
Vice President	Yi-cheng Liao													
Senior Vice President	Kang Wengli													
Vice President	Kao-yi Su													
Vice President	Gang Fan													
Vice President	Pin-chen Chen													
Vice President	Hung-yuan Chang													
Vice President	Mu-shan Li													
Vice President	Chen-jung Chen													
Vice President	Ssu-kei Li													
Vice President	Tien-yo Sun													
Vice President	Hui-jung Chang													
Vice President	Shih-Hsiung Lin													
Vice President	Chih-yu Chen													
Vice President	Tsung-shang Chen													
Vice President	Chien-min Yeh													
Vice President	Huai-chung Pan													
Vice President	Hui-ying Wu													

Title	Name	Salary (A)		Pension upon retirement (B)		Cash incentives and special discretionary allowance etc. (C)		Employee profit sharing (D)				Combined A, B, C, and D total compensation in % of net income		Remuneration from invested non-subsidiary enterprise(s)
		The company	Companies included into the financial statement	The company	Companies included into the financial statement	The company	Companies included into the financial statement	The company		Companies included into the financial statement		The company	Companies included into the financial statement	
								Cash	Shares	Cash	Shares			
Vice President	Jung-chien Chen													
Vice President	Ming-wen Lin													
President	Chi-chang Chen (Note 4)													
Executive Vice President	Hsiang-shan Lin (Note 4)													
Executive Vice President	Ming-zheng Guo (Note 4)													
Executive Vice President	Yi-ming Wang (Note 4)													
Senior Vice President	Cheng-hua Sun (Note 4)													
Vice President	Yu-lan Zheng (Note 4)													

Note 1: Payments to President and Vice Presidents are to be calculated in principle from the date of their actually taking office during the current fiscal year.

Note 2: All remuneration information disclosed in this table differs from the concept of income as described in the Income Tax Act. Thus, the amounts computed and listed above are for the income of the given year.

Note 3: Refers to any employees' remuneration which the Director has received in the latest year for assuming the role of president and vice president as resolved by a directors' meeting (including stock and cash, provided that where it is impossible to estimate the remuneration, the remuneration to be allocated this year shall be calculated on a pro rata basis subject to that allocated last year).

Note 4: Has left the company.

Range of Remuneration

Unit: NT\$ thousand

Range of compensation paid to the President and Vice Presidents of Yuanta Securities (Unit: NT\$)	Name of the President and Vice President	
	Yuanta Securities	Companies included into the financial statement
Less than 1,000,000	Yu-lan Zheng	Yu-lan Zheng
1,000,000(inclusive)~2,000,000(exclusive)		
2,000,000(inclusive)~3,500,000(exclusive)	Yen-ying Liu, Li-hua Yang, Rui-hua Huang, Pin-chen Chen, Hung-yuan Chang, Mu-shan Li, Chen-jung Chen, Ssu-kei Li, Tien-yo Sun, Hui-jung Chang, Shih-Hsiung Lin, Chih-yu Chen, Huai-chung Pan, Ming-wen Lin, Ming-zheng Guo	Yen-ying Liu, Li-hua Yang, Rui-hua Huang, Pin-chen Chen, Hung-yuan Chang, Mu-shan Li, Chen-jung Chen, Ssu-kei Li, Tien-yo Sun, Hui-jung Chang, Shih-Hsiung Lin, Chih-yu Chen, Huai-chung Pan, Ming-wen Lin, Ming-zheng Guo
3,500,000(inclusive)~5,000,000(exclusive)	Ying-ling Chen, Hsi-ying Chen , Tung-tai Yu, Yun-ping Huang, Ching-jen Chen, Jia-yu Weng, Wei-yun Cheng, Kao-yi Su, Tsung-shang Chen, Chien-min Yeh, Hui-ying Wu, Jung-chien Chen, Chi-chang Chen, Hsiang-shan Lin	Ying-ling Chen, Hsi-ying Chen , Tung-tai Yu, Yun-ping Huang, Ching-jen Chen, Jia-yu Weng, Wei-yun Cheng, Kao-yi Su, Tsung-shang Chen, Chien-min Yeh, Hui-ying Wu, Jung-chien Chen, Chi-chang Chen, Hsiang-shan Lin
5,000,000(inclusive)~10,000,000(exclusive)	Ya-bin Li, Mei-ling Guo, Chun-cheng Cheng, Yu-shun Yang, Chen-hsiang Wu, Shih-huan Chang, Hsien-ling Yeh, Shu-hua Jiang, Chien-hua Wu, Song-shan Zhao, Wen-ching Hsu, Jun-jie Huang, Yao-cheng Kuo, Zhi-qi Liu, Wei-zhen Zhang, Ming-tsan Liao, Tsui-hua Hou, Chen-wen Hua, Chih-hao Feng, Lieh-hsiung Chen, Hsin-liang Lin, Chao-ming Hung, Pei-chen Lin, Xiu-hui Meng, Mei-xiang Huang, Yi-cheng Liao, Kang Wengli, Gang Fan, Yi-ming Wang	Ya-bin Li, Chun-cheng Cheng, Yu-shun Yang, Chen-hsiang Wu, Shih-huan Chang, Hsien-ling Yeh, Shu-hua Jiang, Chien-hua Wu, Song-shan Zhao, Wen-ching Hsu, Jun-jie Huang, Yao-cheng Kuo, Zhi-qi Liu, Wei-zhen Zhang, Ming-tsan Liao, Tsui-hua Hou, Chen-wen Hua, Chih-hao Feng, Lieh-hsiung Chen, Hsin-liang Lin, Chao-ming Hung, Pei-chen Lin, Xiu-hui Meng, Mei-xiang Huang, Yi-cheng Liao, Kang Wengli, Gang Fan, Yi-ming Wang
10,000,000(inclusive)~15,000,000(exclusive)	Ming-lang Liu, Xin-hui Tseng, Feng-hsiang Kuo, Yi-wun Ma, Jing-ru Li, Yuan-shan Lin, Cheng-chuan Chiu, Bo-ching Li, Cheng-hua Sun	Ming-lang Liu, Xin-hui Tseng, Feng-hsiang Kuo, Mei-ling Guo, Yi-wun Ma, Jing-ru Li, Yuan-shan Lin, Cheng-chuan Chiu, Bo-ching Li, Cheng-hua Sun
15,000,000(inclusive)~30,000,000(exclusive)	Wei-cheng (Bobby) Hwang, Shao-hsing Kung, Chen-yuan Yang	Wei-cheng (Bobby) Hwang, Shao-hsing Kung, Chen-yuan Yang
30,000,000(inclusive)~50,000,000(exclusive)	Kuang-chi She, Hung-chan Tseng	Kuang-chi She, Hung-chan Tseng
50,000,000(inclusive)~100,000,000(exclusive)		
Over 100,000,000		
Total	551,361	554,948

3. Name of the managers who receive employees' remuneration, and allocation thereof

Baseline date: Jan. 31, 2020

Unit: NT\$ thousand

	Title	Name	Stock bonus amount	Cash bonus amount	Total	Total as % of net income after tax
Manager	President	Wei-cheng (Bobby) Hwang	0	6,416	6,416	0.07%
	Executive Vice President	Shao-hsing Kung				
	Executive Vice President	Ming-lang Liu				
	Executive Vice President	Ya-bin Li				
	Executive Vice President	Xin-hui Tseng				
	Executive Vice President	Feng-hsiang Kuo				
	Executive Vice President	Mei-ling Guo				
	Senior Vice President	Kuang-chi She				
	Senior Vice President	Hung-chan Tseng				
	Senior Vice President	Chun-cheng Cheng				
	Vice President	Yi-wun Ma				
	Assistant Vice President	Hisao-yen Chung				
	Investment Banking Department, Senior Vice President	Shu-hua Jiang				
	Investment Banking Department, Vice President	Pei-chen Lin				
	Investment Banking Department, Vice President	Jia-yu Weng				
	Investment Banking Department, Vice President	Rui-hua Huang				
	Investment Banking Department, Senior Assistant Vice President	Mei-ying Huang				
	Investment Banking Department, Senior Assistant Vice President	Yu-tien Lin				
	Investment Banking Department, Senior Assistant Vice President	Cho-wei Chou				
	Investment Banking Department, Senior Assistant Vice President	Hsiu-mei Cheng				
	Investment Banking Department, Senior Assistant Vice President	Yu-zneh Huang				
	Investment Banking Department, Senior Assistant Vice President	Chung-Lin Chou				
	Investment Banking Department, Senior Assistant Vice President	Ling-hui Xu				
	Investment Banking Department, Assistant Vice President	Pei-tzu Tsai				
	Investment Banking Department, Assistant Vice President	Ju-fang Hsiao				
	Investment Banking Department, Assistant Vice President	Xiu-yue Luo				
	Investment Banking Department, Assistant Vice President	Hua-ling Chang				
	Investment Banking Department, Assistant Vice President	Sheng-tan Wu				
	Investment Banking Department, Assistant Vice President	Chih-hsien Chen				
	Investment Banking Department, Assistant Vice President	Po-wei Chen				
	Investment Banking Department, Assistant Vice President	Hsiang-Han Lien				
	Investment Banking Department, Assistant Vice President	Ke-cheng Huang				
	Derivatives Department, Senior Assistant Vice President	Cui-shan Xu				
	Derivatives Department, Assistant Vice President	Yin-pei Wu				
	Derivatives Department, Assistant Vice President	Yun-Lung Wu				
	Derivatives Department, Assistant Vice President	Siang-bin Luo				
	Derivatives Department, Assistant Vice President	Zong-xuan Yang				
	Fixed Income Department, Senior Assistant Vice President	Jun-chih Lien				
	Fixed Income Department, Senior Assistant Vice President	Ming-xian Lou				
	Fixed Income Department, Senior Assistant Vice President	Chih-heng Wang				
	Fixed Income Department, Senior Assistant Vice President	Jun-hong Lin				
	Fixed Income Department, Senior Assistant Vice President	Feng-ping Yuan				
	Quantitative Trading Department, Vice President	Kao-yi Su				
	Quantitative Trading Department, Senior Assistant Vice President	Teng-chi Huang				
	Quantitative Trading Department, Assistant Vice President	Wan-wen Zhan				
	Quantitative Trading Department, Assistant Vice President	Sheng-yu Chen				
	Proprietary Trading Department, Senior Vice President	Yu-shun Yang				
	Proprietary Trading Department, Vice President	Chen-yuan Yang				
	Institutional Group, Senior Vice President	Jing-ru Li				
	Institutional Group, Senior Assistant Vice President	Judy Chang				
	Institutional Group, Senior Assistant Vice President	Shi-qiang Lin				
	Institutional Group, Senior Assistant Vice President	Qun-jie Lin				
	Institutional Group, Assistant Vice President	Yong-sheng Wang				
	Institutional Group, Assistant Vice President	Yuan-chun Fu				

	Title	Name	Stock bonus amount	Cash bonus amount	Total	Total as % of net income after tax
Manager	International Finance Department, Senior Vice President	Hsien-ling Yeh				
	International Finance Department, Vice President	Wei-zhen Zhang				
	International Finance Department, Vice President	Xiu-hui Meng				
	International Finance Department, Vice President	Mei-xiang Huang				
	International Finance Department, Vice President	Wei-yun Cheng				
	International Finance Department, Vice President	Yi-cheng Liao				
	International Finance Department, Senior Assistant Vice President	Bo-hong Liu				
	International Finance Department, Senior Assistant Vice President	Hui-yi Liu				
	International Finance Department, Senior Assistant Vice President	Rui-zhu Huang				
	International Finance Department, Assistant Vice President	Chin-wen Wu				
	International Finance Department, Assistant Vice President	Chia-yi Lin				
	International Finance Department, Assistant Vice President	Kuo-pin Yang				
	International Finance Department, Assistant Vice President	Jia-hua Hsu				
	International Finance Department, Assistant Vice President	Yi-xiu Zhan				
	International Finance Department, Assistant Vice President	Yu-zhen Tang				
	Wealth Management Department, Senior Assistant Vice President	Bing-lian Gao				
	Wealth Management Department, Assistant Vice President	Jian-ming Zeng				
	Investment Consulting Department, Manager	Zhen-yuan Huang				
	Channel Business Department, Vice President	Jun-jie Huang				
	Channel Business Department, Senior Vice President	Kang Wengli				
	Risk Management Department, Senior Assistant Vice President	Shi-qiang Li				
	Risk Management Department, Assistant Vice President	Wei-cheng Chuang				
	Risk Management Department, Assistant Vice President	Wei-jing Qian				
	International Operations Department, Assistant Vice President	Tai-yuan Dai				
	International Operations Department, Vice President	Hsi-ying Chen				
	International Operations Department, Vice President	Yao-cheng Kuo				
	International Operations Department, Vice President	Tung-tai Yu				
	International Operations Department, Senior Assistant Vice President	Wen-ping Shih				
	International Operations Department, Senior Assistant Vice President	Chun-ching Chang				
	International Operations Department, Assistant Vice President	Chin-shou Wang				
	Registrar & Transfer Department, Senior Assistant Vice President	Zhe-ru Zhu				
	Corporate Planning Department, Senior Manager	Jian-wen Chen				
	Internal Audit Department, Senior Vice President	Chen-hsiang Wu				
	Internal Audit Department, Vice President	Yen-ying Liu				
	Internal Audit Department, Vice President	Zhi-qi Liu				
	Board Secretary Office, Senior Manager	Hsiang-Yi Chang				
	Legal Department, Senior Manager	Li-ying He				
	Legal Compliance Department, Vice President	Song-shan Zhao				
	Legal Compliance Department, Assistant Vice President	Huan-wei Su				
	Human Resources Department, Senior Assistant Vice President	Jing-fang Lin				
	Human Resources Department, Assistant Vice President	Xiu-fei Chen				
	Information System Management Department, Senior Assistant Vice President	Fang-ming Luo				
	Information System Development Department, Vice President	Ying-ling Chen				
	Information System Development Department, Senior Assistant Vice President	Zong-xi Wang				
	Information System Development Department, Senior Assistant Vice President	Chih-ling Hsu				
	Information System Development Department, Senior Assistant Vice President	Yong-hsien Chang				
	Information System Development Department, Senior Assistant Vice President	Shu-yen Tsai				
	Information System Development Department, Senior Assistant Vice President	Yu-mei Chang				
	Information System Development Department, Assistant Vice President	Wen-liang Huang				
	Information System Development Department, Assistant Vice President	Min-zhe Jian				
	Information System Development Department, Assistant Vice President	Ming-zheng Li				

	Title	Name	Stock bonus amount	Cash bonus amount	Total	Total as % of net income after tax
Manager	Administration and Labor Safety & Health Department, Vice President	Bo-ching Li				
	Administration and Labor Safety & Health Department, Assistant Vice President	Xian-jun Li				
	Finance Department, Vice President	Wen-ching Hsu				
	Finance Department, Assistant Vice President	Yu-ling Chu				
	Accounting Department, Senior Assistant Vice President	Shi-zhen Huang				
	Accounting Department, Assistant Vice President	Hui-ju Chuang				
	Accounting Department, Assistant Vice President	Ling-fang Hsu				
	E-commerce Department, Senior Assistant Vice President	Sheng-hui Yang				
	Operations Center, Senior Vice President	Shih-huan Chang				
	Operations Center, Vice President	Ching-jen Chen				
	Operations Center, Vice President	Li-hua Yang				
	Operations Center, Senior Assistant Vice President	Ming-chou Wei				
	Operations Center, Senior Assistant Vice President	Yu-lan Tsai				
	Operations Center, Senior Assistant Vice President	Shu-lin Chen				
	Operations Center, Assistant Vice President	Hui-ding Huang				
	Business Superintendence, Senior Vice President	Yuan-shan Lin				
	Business Superintendence, Senior Vice President	Cheng-chuan Chiu				
	Business Superintendence, Senior Vice President	Chien-hua Wu				
	Business Superintendence, Vice President	Ming-tsan Liao				
	Business Superintendence, Vice President	Tsui-hua Hou				
	Business Superintendence, Vice President	Chen-wen Hua				
	Business Superintendence, Vice President	Chih-hao Feng				
	Business Superintendence, Vice President	Lieh-hsiung Chen				
	Business Superintendence, Vice President	Hsin-liang Lin				
	Business Superintendence, Vice President	Chao-ming Hung				
	Business Superintendence, Vice President	Yun-ping Huang				
	Business Superintendence, Senior Assistant Vice President	Cheng-hung Fu				
	Brokerage Department Manager	Gang Fan				
	Bade Branch Manager	Hsiu-fen Lin				
	Sanchong Branch Manager	Wen-Hsiao Yu				
	Shangxinzhuan Branch Manager	Nengn-zhong Chiu				
	Tucheng Branch Manager	Fu-te Lin				
	Tucheng Yongning Branch Manager	Teh-chien Yu				
	Tucheng Xuefu Branch Manager	Tsung-kuo Wang				
	Shilin Branch Manager	Chien-hsi Hu				
	Datianmu Branch Manager	Shu-jiuan Chen				
	Dajia Branch Manager	Po-chien Hung				
	Datong Branch Manager	Jin-ji Li				
	Daan Branch Manager	Zhong-min Kang				
	Dali Branch Manager	Chen-chen Ma				
	Dali Defang Branch Manager	Pin-chen Chen				
	Dasongshan Branch Manager	Mei-hui Lin				
	Dayi Branch Manager	Ming-chun Hsieh				
	Datong Branch Manager	Cheng-mao Ni				
	Daya Branch Manager	Xiang-min Zeng				
	Dawan Branch Manager	Feng-nan Huang				
	Xiaogang Branch Manager	Sheng Huang				
	Zhonghe Branch Manager	Hung-yuan Chang				
	Zhongli Branch Manager	Chao-hsiang Chung				
	Renai Branch Manager	Ming-wen Tsou				
	Neihu Branch Manager	Ping-ju Lu				
	Liuhe Branch Manager	Yu-chin Li				
	Tainmu Branch Manager	Chi-min Wu				
	Taiping Branch Manager	Kun-tsung Chan				
	Wenxin Branch Manager	Yao-tsu Huang				
	Wenxin Xingan Branch Manager	Wei-chieh Hsia				
	Douliu Branch Manager	Huan-chang Hung				

	Title	Name	Stock bonus amount	Cash bonus amount	Total	Total as % of net income after tax
Manager	Muzha Branch Manager	Ching-yi Wang				
	Beisanchong Branch Manager	Mu-shan Li				
	Beitun Branch Manager	Suang-feng Chen				
	Beichenggong Branch Manager	Chung-chang Tseng				
	Beitou Branch Manager	Shih-chin Luo				
	Beigang Branch Manager	Shu-chuan Chan				
	Guting Branch Manager	Pei-heng Chuang				
	Taizhong Zhonggang Branch Manager	Ju-hsu Hung				
	Taichung Branch Manager	Shu-chen Hsieh				
	Taipei Branch Manager	Chen-jung Chen				
	Tainan Branch Manager	Jun-jie Shen				
	Siwei Branch Manager	Pao-hui Hsu				
	Zuoying Branch Manager	Mei-xue Wang				
	Minsheng Branch Manager	Zi-xiu Lin				
	Minxiong Branch Manager	Tsui-ping Chang				
	Yonghe Branch Manager	Wen-pao Li				
	Yongkang Branch Manager	Ting-feng Wang				
	Xiangshang Branch Manager	Li-na Hsu				
	Chenggong Branch Manager	Yeh-hsiang Chin				
	Xizhi Branch Manager	Yung-hui Chen				
	Zhushan Branch Manager	Wen-hui Lin				
	Zhubei Branch Manager	Chien-hsing Hsiao				
	Zhudong Branch Manager	Wen-zheng Zhong				
	Zhunan Branch Manager	Mei-wen Chen				
	Zhuke Branch Manager	Chih-Yen Chen				
	Xitun Branch Manager	Hsin-pang Shih				
	Ximen Branch Manager	Kun-ming Xie				
	Xiluo Branch Manager	Hong-qing Li				
	Shalu Branch Manager	Hsiu-ju Huang				
	Jiali Branch Manager	Chen-chang Chiu				
	Fucheng Branch Manager	Yung-chen Wang				
	Zhongxiao Branch Manager	Ssu-kei Li				
	Zhongxiao Dingfu Branch Manager	Chih-jung Jao				
	Chengde Branch Manager	Shu-nu Chen				
	Dongmen Branch Manager	Hsu-chen Hou				
	Dongtai Branch Manager	Hsien-feng Chou				
	Donggang Branch Manager	Pang-ning Cheng				
	Donglu Branch Manager	Chih-hsiung Chen				
	Songshan Branch Manager	Wen-shan Yan				
	Songjiang Branch Manager	Chen-ming Lin				
	Banqiao Sanmin Branch Manager	Che-hsing Mei				
	Banqiao Branch Manager	Tien-yo Sun				
	Linsen Branch Manager	Zhi-de Zhao				
	Linyuan Branch Manager	Yue-jun Zhong				
	Hualien Branch Manager	Tsung-che Yang				
	Huwei Branch Manager	Rui-tian Hou				
	Jinmen Branch Manager	Chang-min Li				
	Jinhua Branch Manager	Jing-ya Chen				
	Changgung Branch Manager	Guan-rong Xu				
	Xinyi Branch Manager	Kuan-chih Chen				
	Qianjin Branch Manager	Peng-chih Fang				
	Nantun Branch Manager	Sheng-ming Hsiao				
	Nantou Branch Manager	Kui-hsiang Wang				
	Nanjian Branch Manager	Jung-tsai Liu				
	Nankan Branch Manager	You-fang Guan				
	Nanhai Branch Manager	Jung-kun Wu				
	Nanshijiao Branch Manager	Wen-qing Ye				
	Pingtung Branch Manager	Tung-chieh Hsieh				

	Title	Name	Stock bonus amount	Cash bonus amount	Total	Total as % of net income after tax
Manager	Pingtung Minsheng Branch Manager	Cong-yi Kang				
	Pingnan Branch Manager	Ting-shen Wang				
	Yuanli Branch Manager	Bo-zhi Lin				
	Miaoli Branch Manager	Cheng-che Chung				
	Yuanlin Zhongshan Branch Manager	Hui-jung Chang				
	Yuanlin Branch Manager	Hsiu-ching Huang				
	Taoyuan Branch Manager	Xin-yong Deng				
	Taoxing Branch Manager	Guang-yue Zhang				
	Caotun Branch Manager	Yu-oh Hsu				
	Kaohsiung Branch Manager	Shih-Hsiung Lin				
	Keelung Branch Manager	Huo-shun Hung				
	Jilong Xiaoe Branch Manager	Shun-chih Yang				
	Chongde Branch Manager	Wen-tan Lin				
	Danshui Branch Manager	Cheng-liang Hou				
	Qingshui Branch Manager	Chun-de Lai				
	Juguang Branch Manager	Hui-shu Kuo				
	Lugang Branch Manager	Hung-chuan Chen				
	Bo-ai Branch Manager	Hsiao-pei Su				
	Shanhua Branch Manager	Shao-wei Wu				
	Fubei Branch Manager	Chung-yung Hsiao				
	Dunhua Branch Manager	Chih-yu Chen				
	Dunnan Branch Manager	Tsung-shang Chen				
	Jingmei Branch Manager	Chiu-jung Liu				
	Facai Branch Manager	Kuo-liang Chen				
	Huashan Branch Manager	Li-ching Huang				
	Kaiyuan Branch Manager	Ching-fu Chen				
	Hsinchu Branch Manager	Ya-jou Chen				
	Xinzhu Jingguo Branch Manager	Chien-min Yeh				
	Xinheping Branch Manager	Ying-hsiang Shen				
	Xindian Zhongzheng Branch Manager	Huai-chung Pan				
	Xinsheng Branch Manager	Hui-ying Wu				
	Xinzhuang Branch Manager	Jung-chien Chen				
	Xinying Branch Manager	Yong-jie Xie				
	Yangmei Branch Manager	Jen-ping Huang				
	Luzhu Branch Manager	Ching-yu Wu				
	Chiayi Branch Manager	Wei-jen, Chen				
	Changhua Branch Manager	Zheng-nan Yao				
	Zhanghan Minsheng Branch Manager	Pei-jin Li				
	Qishan Branch Manager	Zhen-zhong Luo				
	Fuying Branch Manager	Tai-yi Lai				
	Mengjia Branch Manager	Ssu-han Li				
	Fengshan Branch Manager	Pao-chi Hung				
	Fengzhong Branch Manager	Yao-wen Chang				
	Chaozhou Branch Manager	Zhen-yuan Liu				
	Xuejia Branch Manager	Jin-yi Chen				
	Shulin Branch Manager	Wen-shan Lu				
	Toufen Branch Manager	Chin-hsien Chen				
	Guanqian Branch Manager	Ming-wen Lin				
	Longtan Branch Manager	Hao-jun Cheng				
	Guiren Branch Manager	Ching-hua Wang				
	Fengyuan Branch Manager	Mei-ling Huang				
	Fengyuan Zhanqian Branch Manager	Hsiao-chi Nien				
	Zhenbei Branch Manager	Chiao-chu Chang				
	Shuanghe Branch Manager	Teng-rui Chu				
	Luodong Branch Manager	Wei-chen Huang				
	Luzhou Branch Manager	Mu-xin Xu				
	Yingge Branch Manager	Chun-jie Liu				
	Xinyonghe Branch Manager	Li-hua Li				

(VII) Compensation paid to directors, supervisors, presidents, and vice presidents in previous two years

1. Analysis of total compensation paid to directors, supervisors, presidents, and vice presidents as a percentage of net income

Unit: NT\$ thousand

Year Category	Net income	Directors' compensation	As % of net income	Supervisors' compensation	As % of net income	Presidents' and vice presidents' compensation	As % of net income
2018	8,888,331	36,538	0.41%	0	0%	499,569	5.62%
2019	8,963,832	65,094	0.73%	0	0%	551,361	6.15%

2. Remuneration policies, standards and packages, procedures for determining remuneration and its connection with performance and risk

Compensation is paid as an exchange for employee work, and to provide employees with the fiscal resources to earn a living. The company seeks to attract highly skilled individuals, and to retain talents with development potential so as to form teams and contribute to corporate performance. Performance is in turn reflected in employee compensation, as well as increased shareholder equity, enhanced economic development, and prosperity.

For the purpose of having the employees' personal work objectives, business objectives, and the interests of shareholders integrated, and also, for having talent recruited to work for the Company, the Company's overall reward strategy and positioning is performance-oriented. The salary policy is designed to be market competitive, and profits are distributed reasonably depending on the Company's operating performance and individual performance; also, employees are provided with long-term incentive plans to motivate them to perform, and to create common interests among individuals, the Company, and the shareholders for a win-win-win situation.

The remuneration of the Company's senior management is planned in accordance with the Company's operating performance and potential risk included for consideration. Payment of salary and bonus is offered based on the consideration of competitiveness and incentives in order to encourage the management to work effectively and to produce good results.

According to the Company's Articles of Incorporation, if the Company has a profit at the year's final accounting, it shall first pay profit-seeking enterprise income tax and make up any losses from past years, and then make a contribution of 10% of the balance to the statutory reserve and 20% of the balance to the special reserve, and then provide or evade special reserve in accordance with other laws separately. The Board shall draft a distribution proposal for the remaining balance, if any, together with undistributed earnings from past years, and the distribution of earnings shall be implemented after requesting and obtaining the approval of the shareholders' meeting. In order to encourage employees and the management team, the Company shall contribute 0.01%~5% of the balance after the profit at the year's final accounting (i.e. income before tax before deduction of remuneration allocated to employees) less accumulated loss, if any, as employees' remuneration.

III. Corporate governance practices and status of compliance

(I) Operations of the Board

The board held 15 meetings (A) in the past year (2019), and the attendance record of board members is listed below:

Title	Name	Actual attendance (B)	Attendance by proxy	Actual attendance rate (%) (B/A)	Remarks
Chairman	Yuanta Financial Holding Co., Ltd. Representative: Hsiu-wei (Vincent) Chen	8	0	100%	Newly elected on June 1, 2019, a total of 8 meetings held during the term of office.
Deputy Chairman	Yuanta Financial Holding Co., Ltd. Representative: Ming-hong(Ted) Ho	14	1	93%	Re-elected on June 1, 2019 , and elected as the Vice Chairman.
Director	Yuanta Financial Holding Co., Ltd. Representative: Ting-chien (Tony) Shen	14	1	93%	Re-elected on June 1, 2019
Director	Yuanta Financial Holding Co., Ltd. Representative: Wei-cheng (Bobby) Hwang	11	1	92%	Appointed on 2019/03/29, Re-elected on June 1, 2019, 12 meetings held during tenure.
Director	Yuanta Financial Holding Co., Ltd. Representative: Ku-pin Huang	14	0	100%	Appointed on 2019/01/30, Re-elected on June 1, 2019, 14 meetings held during tenure.
Director	Yuanta Financial Holding Co., Ltd. Representative: Yueng-lin Ma	14	1	93%	Re-elected on June 1, 2019
Director	Yuanta Financial Holding Co., Ltd. Representative: Yueh-tsang Lee	14	1	93%	Re-elected on June 1, 2019
Director	Yuanta Financial Holding Co., Ltd. Representative: Yow-chih Huang	15	0	100%	Re-elected on June 1, 2019
Director	Yuanta Financial Holding Co., Ltd. Representative: Ching-kuang Shen	15	0	100%	Re-elected on June 1, 2019
Director	Yuanta Financial Holding Co., Ltd. Representative: Lung-fan Lin	15	0	100%	Re-elected on June 1, 2019
Director	Yuanta Financial Holding Co., Ltd. Representative: Jui-chen Ma	14	1	93%	Re-elected on June 1, 2019
Director	Yuanta Financial Holding Co., Ltd. Representative: Yong-zhi Su	3	0	100%	Appointed on 2019/11/01, 3 meetings held during tenure.
Independent Director	Yuanta Financial Holding Co., Ltd. Representative: Ching-shan Hung	15	0	100%	Re-elected on June 1, 2019
Independent Director	Yuanta Financial Holding Co., Ltd. Representative: Yu-qun Wu	7	1	88%	Appointed on 2019/06/01, 8 meetings held during tenure.
Independent Director	Yuanta Financial Holding Co., Ltd. Representative: Tu-mu Kuo	15	0	100%	Re-elected on June 1, 2019
Independent Director	Yuanta Financial Holding Co., Ltd. Representative: Kun-hung Lai	15	0	100%	Re-elected on June 1, 2019
Independent Director	Yuanta Financial Holding Co., Ltd. Representative: Hsing-yi Chow	8	0	100%	Appointed on 2019/06/01, 8 meetings held during tenure.

Former Director	Yuanta Financial Holding Co., Ltd. Representative: Wei-jian Ma	4	1	80%	Hold the position from 2019/06/01 to 2019/11/01, 5 meetings held during tenure.
Former Independent Director	Yuanta Financial Holding Co., Ltd. Representative: Sou-shan Wu	7	0	100%	Discharged upon expiration of the term of office On May 31, 2019, 7 meetings held during tenure.
Former Independent Director	Yuanta Financial Holding Co., Ltd. Representative: Chuang-li Chang	7	0	100%	Discharged upon expiration of the term of office on May 31, 2019, 7 meetings held during tenure.
Former Independent Director	Yuanta Financial Holding Co., Ltd. Representative: Nai-kuan Huang	15	0	100%	Re-elected on June 1, 2019. Has resigned on 2019/12/30, held 15 times during tenure.

Other items to be stated:

- I. Where the operation of the Board of Directors meets any of the following circumstances, the minutes concerned shall clearly state the meeting date, term, contents of motions, opinions of all independent directors, and the Company's resolution of said opinions:
 - (I) For resolution(s) passed pursuant to Article 14-3 of the Securities and Exchange Act: Not applicable, as the Company has established the Audit Committee and Article 14-5 of the Act shall apply.
 - (II) Any other resolution(s) of Board of Directors passed but with independent directors voicing opposing or qualified opinions on the record or in writing: None.
- II. In instances where a director recused himself/herself due to a conflict of interest, the minutes shall clearly state the director's name, contents of the motion and resolution thereof, reason for not voting and actual voting counts:
 - (I) 33rd meeting of the 9th board of directors on January 24, 2019
 1. Motion: For securities issued by the stakeholders and self-disciplined counterparts traded by Bond Division (including borrowing/lending), and the relating trading linked with them.

Resolution: Except the directors who recused themselves from discussion and voting and parts related to them because of conflict of interest, the other directors approved the motion unanimously.

Summary: Director Yung Ling Ma, who held the position as the Chairman of the affiliate, SINTRONIC Technology, concurrently, recused himself from discussion and voting related to said company in the motion.
 2. Motion: For securities issued by the stakeholders and self-disciplined counterparts traded by Financial Trading Dept. (including subscription, redemption and borrowing/lending), and the relating trading linked with them.

Resolution: Except the directors who recused themselves from discussion and voting and parts related to them because of conflict of interest, the other directors approved the motion unanimously.

Summary: Director Yung Ling Ma acts as an independent director of SINTRONIC Technology concurrently. Director Rui Chen Ma acts as an independent director of Taiwan Tea Corporation concurrently. Therefore, both recused themselves from discussion and voting for the related parts in the motion.
 3. Motion: For securities issued by the stakeholders and self-disciplined counterparts traded the performance of Quantitative Trading Dept. (including subscription, redemption and borrowing/lending), and the relating trading linked with them.

Resolution: Except the directors who recused themselves from discussion and voting and parts related to them because of conflict of interest, the other directors approved the motion unanimously.

Summary: Independent Director Tu Mu Kuo acts as an independent director of Sunny Friend Environmental Technology Co., Ltd. concurrently. Director Rui Chen Ma acts as an independent director of Taiwan Tea Corporation concurrently. Therefore, both recused themselves from discussion and voting for the related parts in the motion.

4. Motion: For loaning of the securities issued by stakeholders or self-disciplined counterparts in order to meet the need for concurrent conduct of securities lending and securities trust lending.

Resolution: Except the directors who recused themselves from discussion and voting and parts related to them because of conflict of interest, the other directors approved the motion unanimously.

Summary:

- I. Chairman Ming Hong Ho acted as the director of the affiliates, Yuanta Financial Holdings and Kwong Fong Industries Group of Companies, concurrently. Independent Director Tu Mu Kuo acted as the independent director of Sunny Friend Environmental Technology Co., Ltd. concurrently. Independent Director Ching Shan Hung and Independent Director Nai Kuan Huang acted as the independent directors of Yuanta Futures concurrently. Independent Director Sou Shan Wu and Director Tony Shen acted as the independent director and director of Yuanta Financial Holdings concurrently. Independent Director Kun Hong Lai acted as the independent director of Foresee Pharmaceuticals Co., Ltd. concurrently. Director Yung Ling Ma acted as the Chairman of SINTRONIC Technology concurrently. Director Yueh Tsang Lee acted as the director of Yuanta Financial Holdings and Yuanta Futures concurrently. Director Rui Chen Ma acted as the independent director of Taiwan Tea Corporation concurrently. Accordingly, all of them recused themselves from discussion and voting about respective related parts in the motion.
- II. The chairperson in charge of discussion and voting of the motion was held by Independent Director Chi Chang Chen as a deputy.

5. Motion: To set up the two branches of the Company's overseas investee, Yuanta Securities Vietnam Joint Stock Company.

Resolution: Except the directors who recused themselves from the discussion and voting for conflict of interest, the other directors approved the motion unanimously.

Summary: Director Chi Chang Chen also acted as the director of Yuanta Securities (Vietnam) at the same time and, therefore, recused himself from the discussion and vote on the motion.

6. Motion: For the increase in shares of Yuanta Securities (Korea) held by the Company's overseas investee, Yuanta Securities Asia Financial Services.

Resolution: Except the directors who recused themselves from the discussion and voting for conflict of interest, the other directors approved the motion unanimously.

Summary:

- I. Chairman Ming Hong Ho held the position as a director of Yuanta Securities Asia Financial Services concurrently at the same time. Director Chi Chang Chen also acted as the director of Yuanta Securities (Korea) at the same time. Therefore, both recused themselves from discussion and did not vote on the motion.
- II. The chairperson in charge of discussion and voting of the motion was held by Independent Director Tu Mu Kuo as a deputy.

7. Motion: To authorize the performance bonus of the Chairman.

Resolution: Except the directors who recused themselves from the discussion and voting for

conflict of interest, the other directors approved the motion unanimously.

Summary:

- I. Chairman, Ming Hong Ho, as a stakeholder in the motion, recused himself from discussion and voting of the motion.
- II. The chairperson in charge of discussion and voting of the motion was held by Independent Director Ching Shan Hung as a deputy.

8. Motion: To authorize the performance bonus of the Company's managers.

Resolution: Except the directors who recused themselves from the discussion and voting for conflict of interest, the other directors approved the motion unanimously.

Summary: Director & President Chi Chang Chen, as a stakeholder in the motion, recused himself from discussion and did not vote on the motion.

(II) 34th meeting of the 9th board of directors on March 7, 2019

1. Motion: For securities issued by the stakeholders and self-disciplined counterparts traded the performance of Quantitative Trading Dept. (including subscription, redemption and borrowing/lending), and the relating trading linked with them.

Resolution: Except the directors who recused themselves from discussion and voting and parts related to them because of conflict of interest, the other directors approved the motion unanimously.

Summary: Independent Director Tu Mu Kuo acts as an independent director of Sunny Friend Environmental Technology Co., Ltd. concurrently. Director Rui Chen Ma acts as an independent director of Taiwan Tea Corporation concurrently. Therefore, both recused themselves from discussion and voting for the related parts in the motion.

2. Motion: For loaning of the securities issued by stakeholders or self-disciplined counterparts in order to meet the need for concurrent conduct of securities lending and securities trust lending.

Resolution: Except the directors who recused themselves from discussion and voting and parts related to them because of conflict of interest, the other directors approved the motion unanimously.

Summary:

- I. Chairman Ming Hong Ho acted as the director of the affiliates, Yuanta Financial Holdings and Kwong Fong Industries Group of Companies, concurrently. Independent Director Tu Mu Kuo acted as the independent director of Sunny Friend Environmental Technology Co., Ltd. concurrently. Independent Director Ching Shan Hung and Independent Director Nai Kuan Huang acted as the independent directors of Yuanta Futures concurrently. Independent Director Sou Shan Wu and Director Tony Shen acted as the independent director and director of Yuanta Financial Holdings concurrently. Independent Director Kun Hong Lai acted as the independent director of Foresee Pharmaceuticals Co., Ltd. concurrently. Director Yung Ling Ma acted as the Chairman of SINTRONIC Technology concurrently. Director Yueh Tsang Lee acted as the director of Yuanta Financial Holdings and Yuanta Futures concurrently. Director Rui Chen Ma acted as the independent director of Taiwan Tea Corporation concurrently. Accordingly, all of them recused themselves from discussion and voting about respective related parts in the motion.
- II. The chairperson in charge of discussion and voting of the motion was held by Independent Director Chi Chang Chen as a deputy.

(III) 35th meeting of the 9th board of directors on March 25, 2019

1. Motion: For allocation of the Company's 2018 remuneration to employees.

Resolution: Except the directors who rescued themselves from discussion and voting for conflict of interest, the motion was agreed upon by the remaining present directors unanimously, and submitted to the general shareholders' meeting.

Summary: Director & President Chi Chang Chen, as a stakeholder in the motion, recused himself from discussion and did not vote on the motion.

2. Motion: To act as the underwriter or financial advisor of the common corporate bonds or financial bonds issued by stakeholders or self-disciplined counterparts and handle the recruitment of human resources.

Resolution: Except the directors who recused themselves from discussion and voting and parts related to them because of conflict of interest, the other directors approved the motion unanimously.

Summary:

- I. Chairman Tony Shen, Vice Chairman Ming Hong Ho, Director Yueh Tsang Lee, and Independent Director Sou Shan Wu acted as the directors and independent directors of the affiliate, Yuanta Financial Holdings, concurrently. And Independent Director Ching Shan Hung acted as the independent directors of Yuanta Bank concurrently. Accordingly, all of them recused themselves from discussion and voting about respective related parts in the motion.
- II. The chairperson in charge of discussion and voting of the motion was held by Independent Director Tu Mu Kuo as a deputy.

3. Motion: For securities issued by the stakeholders and self-disciplined counterparts traded by Bond Division (including subscription, redemption and borrowing/lending), and the relating trading linked with them.

Resolution: Except the directors who recused themselves from discussion and voting and parts related to them because of conflict of interest, the other directors approved the motion unanimously.

Summary:

- I. Chairman Tony Shen, Vice Chairman Ming Hong Ho, Director Yueh Tsang Lee, and Director Sou Shan Wu act as directors and independent directors of the affiliate, Yuanta Financial Holdings, concurrently. Independent Director Ching Shan Hung acted as an independent director of Yuanta Bank concurrently. Director Yung Ling Ma acts as the Chairman of SINTRONIC Technology concurrently. Accordingly, all of them recused themselves from discussion and voting about respective related parts in the motion.
- II. The chairperson in charge of discussion and voting of the motion was held by Independent Director Tu Mu Kuo as a deputy.

4. Motion: For loaning of the securities issued by stakeholders or self-disciplined counterparts in order to meet the need for concurrent conduct of securities lending and securities trust lending.

Resolution: Except the directors who recused themselves from discussion and voting and parts related to them because of conflict of interest, the other directors approved the motion unanimously.

Summary:

- I. Chairman Tony Shen and Independent Director Sou Shan Wu acted as a director and independent director of the affiliate, Yuanta Financial Holdings, concurrently. Vice Chairman Ming Hong Ho acted as the director of the affiliate, Yuanta Financial Holdings and Kwong Fong Industries Group of Companies, concurrently. Independent Director Tu Mu Kuo acted as an independent director of Sunny Friend Environmental Technology Co., Ltd. concurrently. Independent Director Ching Shan Hung and Independent Director Nai Kuan Huang act as independent directors of Yuanta Futures concurrently.

Independent Director Kun Hong Lai acts as an independent director of Foresee Pharmaceuticals Co., Ltd. concurrently. Director Yung Ling Ma acts as the Chairman of SINTRONIC Technology concurrently. Director Yueh Tsang Lee acted as the director of Yuanta Financial Holdings and Yuanta Futures concurrently. Director Rui Chen Ma acted as an independent director of Taiwan Tea Corporation concurrently. Accordingly, all of them recused themselves from discussion and voting about respective related parts in the motion.

II. The chairperson in charge of discussion and voting of the motion was held by Independent Director Chuan Li Chang as a deputy.

5. Motion: For donation to the stakeholder, Yuanta Foundation and the self-disciplined counterpart, Yuanta-Polaris Research Institute.

Resolution: Except the directors who recused themselves from the discussion and voting for conflict of interest, the other directors approved the motion unanimously.

Summary:

I. Chairman Tony Shen, Vice Chairman Ming Hong Ho and Director Ku Pin Huang also held the positions of director of Yuanta Foundation at the same time and, therefore, recused themselves from discussion and voting of the motion.

II. The chairperson in charge of discussion and voting of the motion was held by Independent Director Tu Mu Kuo as a deputy.

6. Motion: To set up the branch of the Company's overseas investee, Yuanta Securities Vietnam Joint Stock Company, in Vung Tau.

Resolution: Except the directors who recused themselves from the discussion and voting for conflict of interest, the other directors approved the motion unanimously.

Summary: Director Chi Chang Chen also acted as the director of Yuanta Securities (Vietnam) at the same time and, therefore, recused himself from the discussion and did not vote on the motion.

7. Motion: To re-consider the price for acquisition of the equity held by the stakeholder, Yuanta Financial Holdings, in Yuanta Securities Finance in whole.

Resolution: Except the directors who recused themselves from the discussion and voting for conflict of interest, the other directors approved the motion unanimously.

Summary:

I. Chairman Tony Shen, Vice Chairman Ming Hong Ho, Director Yueh Tsang Lee, and Independent Director Sou Shan Wu acted as the directors and independent directors of the affiliate, Yuanta Financial Holdings, concurrently. Accordingly, all of them recused themselves from discussion and voting for the motion.

II. The chairperson in charge of discussion and voting of the motion was held by Independent Director Tu Mu Kuo as a deputy.

(IV) 36th meeting of the 9th board of directors on March 29, 2019

Motion: For transfer of managers.

Resolution: Except the directors who recused themselves from the discussion and voting for conflict of interest by proxy, the other directors approved the motion unanimously.

Summary: Director Wei Cheng Huang whom Director Ku Pin Huang acted on behalf of, as a stakeholder in the motion, recused himself from discussion and did not vote on the motion by proxy.

(V) 37th meeting of the 9th board of directors on April 24, 2019

1. Motion: To propose the succession of the Company's subsidiary, Yuanta Securities Finance, to

the equity and related creditor's right in the loan secured by margin trading and short sale, refinancing and marketable securities of Fuhwa Securities Finance.

Resolution: Except the directors who recused themselves from the discussion and voting for conflict of interest, the other directors approved the motion unanimously.

Summary: Independent Director Ching Shan Hung, Independent Director Kun Hong Lai, and Independent Nai Kuan Huang acted as the members of Yuanta Securities Finance's M&A Committee concurrently. Therefore, all of them recused themselves from discussion and did not vote on the motion.

2. Motion: To partially amend the Company's "Job Titles and Salary Scale Chart."

Resolution: Except the directors who recused themselves from the discussion and voting for conflict of interest, the other directors approved the motion unanimously.

Summary: Director & President Wei Cheng Huang, as a stakeholder in the motion, recused himself from discussion and did not vote on the motion.

3. Motion: To authorize the salary of Chairman and Vice Chairman

Resolution: Except the directors who recused themselves from the discussion and voting for conflict of interest and refrained from acting or acted on behalf of or by others in the discussion and voting, the other directors approved the motion unanimously.

Summary: Chairman Tony Shen, and Vice Chairman Ming Hong Ho represented by him, and Director & President Wei Cheng Huang, as stakeholders in the motion, recused themselves from the discussion, did not vote on the motion, and refrained from acting or acted on behalf of or by others in the discussion and voting.

(VI) 38th meeting of the 9th board of directors on May 6, 2019

1. Motion: For securities issued by the stakeholders and self-disciplined counterparts traded by Financial Trading Dept. (including subscription, redemption and borrowing/lending), and the relating trading linked with them.

Resolution: Except the directors who recused themselves from the discussion and voting for conflict of interest, the other directors approved the motion unanimously.

Summary: Director Yung Ling Ma acts as the Chairman of SINTRONIC Technology concurrently. Accordingly, he recused himself from discussion and did not vote on the motion.

2. Motion: For securities issued by the stakeholders and self-disciplined counterparts traded the performance of Quantitative Trading Dept. (including subscription, redemption and borrowing/lending), and the relating trading linked with them.

Resolution: Except the directors who recused themselves from the discussion and voting for conflict of interest, the other directors approved the motion unanimously.

Summary: Independent Director Tu Mu Kuo acts as an independent director of Sunny Friend Environmental Technology Co., Ltd. concurrently. Director Rui Chen Ma acts as an independent director of Taiwan Tea Corporation concurrently. Therefore, both recused themselves from discussion and did not vote on the motion.

3. Motion: For loaning of the securities issued by stakeholders or self-disciplined counterparts in order to meet the need for concurrent conduct of securities lending and securities trust lending.

Resolution: The motion was voted individually. (1) For Yuanta Financial Holdings: Except the directors who recused themselves from the discussion and voting for conflict of interest, the other directors approved the motion unanimously. (2) For the 76 funds including Taiwan 50 other than Yuanta Financial Holdings, except the directors who recused themselves from the discussion and voting for conflict of interest, the other directors approved the motion unanimously.

Summary:

- I. Chairman Tony Shen and Independent Director Sou Shan Wu act as directors and independent directors of Yuanta Financial Holdings concurrently. Vice Chairman Ming Hong Ho acted as a director of the affiliate, Yuanta Financial Holdings and Kwong Fong Industries Group of Companies, concurrently. Independent Director Tu Mu Kuo acted as an independent director of Sunny Friend Environmental Technology Co., Ltd. concurrently. Independent Director Ching Shan Hung and Independent Director Nai Kuan Huang acted as an independent director of Yuanta Futures concurrently. Independent Director Kun Hong Lai acted as an independent director of Foresee Pharmaceuticals Co., Ltd. concurrently. Director Yung Ling Ma acts as the Chairman of SINTRONIC Technology concurrently. Director Yueh Tsang Lee acted as a director of Yuanta Financial Holdings and Yuanta Futures concurrently. Director Rui Chen Ma acted as an independent director of Taiwan Tea Corporation concurrently. Accordingly, all of them have issued the statement declaring the conflict of interest with them, and recused themselves from discussion and voting about respective related parts in the motion.
 - II. The chairperson in charge of discussion and did not vote on the motion with respect to “Yuanta Financial Holdings” was held by Independent Director Chuan Li Chang as a deputy.
4. Motion: To work with the five stakeholders including Yuanta Bank to complete the “Urban Renewal Plan” of the Company’s real property, Tatung Building.
- Resolution: Except the directors who recused themselves from the discussion and voting for conflict of interest, the other directors approved the motion unanimously.
- Summary: Independent Director Ching Shan Hung acted as an independent director of Yuanta Bank and Yuanta Futures concurrently. Independent Director Nai Kuan Huang and Director Yueh Tsang Lee act as directors of Yuanta Futures concurrently. Therefore, all of them recused themselves from discussion and did not vote on the motion.
5. Motion: For termination of non-competition restriction imposed on the Company’s managers.
- Resolution: Except the directors who recused themselves from the discussion and voting for conflict of interest, the other directors approved the motion unanimously.
- Summary: Independent Director Ching Shan Hung, Independent Director Nai Kuan Huang and Director Yueh Tsang Lee act as independent directors and director of Yuanta Futures concurrently. Therefore, all of them recused themselves from discussion and did not vote on the motion.
6. Motion: For termination of non-competition restriction imposed on the Company’s Director & President, Wei Cheng Huang.
- Resolution: Except the directors who recused themselves from the discussion and voting for conflict of interest, the other directors approved the motion unanimously.
- Summary: Director & President Wei Cheng Huang, as a stakeholder in the motion, left the venue and recused himself from the discussion and did not vote on the motion.
7. Motion: To amend the 2019 internal audit plan.
- Resolution: Except the directors who recused themselves from the discussion and voting for conflict of interest, the other directors approved the motion unanimously.
- Summary: Director & President Wei Cheng Huang, as a stakeholder in the motion, left the venue and recused himself from the discussion and did not vote on the motion.

(VII)39th meeting of the 9th board of directors on May 30, 2019

1. Motion: For application with related financial organizations for financing limit.

Resolution: Except the directors who recused themselves from the discussion and voting for conflict of interest, the other directors approved the motion unanimously.

Summary: Independent Director Ching Shan Hung acts as an independent director of Yuanta Bank concurrently. Therefore, he left the venue and recused himself from discussion and did not vote on the motion.

2. Motion: For securities issued by the stakeholders and self-disciplined counterparts traded by Bond Division (including borrowing/lending), and the relating trading linked with them.

Resolution: Except the directors who recused themselves from the discussion and voting for conflict of interest, the other directors approved the motion unanimously.

Summary: Independent Director Chuan Li Chang acted as an independent Director of CUB ELECPARTS INC.. Director Yung Ling Ma acts as the Chairman of SINTRONIC Technology concurrently. Therefore, both left the venue and recused themselves from discussion and did not vote on the motion.

3. Motion: For securities issued by the stakeholders and self-disciplined counterparts traded the performance of Quantitative Trading Dept. (including subscription, redemption and borrowing/lending), and the relating trading linked with them.

Resolution: Except the directors who recused themselves from the discussion and voting for conflict of interest, the other directors approved the motion unanimously.

Summary: Independent Director Tu Mu Kuo acted as an independent director of Sunny Friend Environmental Technology Co., Ltd. concurrently. Independent Director Chuan Li Chang acted as an independent Director of CUB ELECPARTS INC. Director Rui Chen Ma acted as an independent director of Taiwan Tea Corporation concurrently. Therefore, all of them left the venue and recused themselves from discussion and did not vote on the motion.

4. Motion: For loaning of the securities issued by stakeholders or self-disciplined counterparts in order to meet the need for concurrent conduct of securities lending and securities trust lending.

Resolution: The motion was voted individually. (1) For Yuanta Financial Holdings, Yuanta Futures and Kwong Fong: Except the directors who recused themselves from the discussion and voting for conflict of interest, the other directors approved the motion unanimously. (2) For the 74 funds including Taiwan 50 other than Yuanta Financial Holdings, Yuanta Futures and Kwong Fong, except the directors who recused themselves from the discussion and voting for conflict of interest, the other directors approved the motion unanimously.

Summary:

- I. Chairman Tony Shen and Independent Director Sou Shan Wu act as directors and independent directors of Yuanta Financial Holdings concurrently. Vice Chairman Ming Hong Ho acted as a director of Yuanta Financial Holdings and Kwong Fong concurrently. Independent Director Tu Mu Kuo acted as an independent director of Sunny Friend Environmental Technology Co., Ltd. concurrently. Independent Director Ching Shan Hung and Independent Director Nai Kuan Huang acted as independent directors of Yuanta Futures concurrently. Independent Director Kun Hong Lai acted as an independent director of Foresee Pharmaceuticals Co., Ltd. concurrently. Independent Director Chuan Li Chang acted as an independent director of CUB ELECPARTS INC. concurrently. Director Yung Ling Ma acts as the Chairman of SINTRONIC Technology concurrently. Director Yueh Tsang Lee acted as a director of Yuanta Financial Holdings and Yuanta Futures concurrently. Director Rui Chen Ma acted as an independent director of Taiwan Tea Corporation concurrently. Accordingly, all of them recused themselves from discussion and did not vote on the motion.

II. The chairperson in charge of discussion and did not vote on the motion with respect to Yuanta Financial Holdings, Yuanta Futures and Kwong Fong was held by Independent Director Tu Mu Kuo as a deputy.

5. Motion: For termination of non-competition restriction imposed on the Company's Director & President, Wei Cheng Huang.

Resolution: Except the directors who recused themselves from the discussion and voting for conflict of interest, the other directors approved the motion unanimously.

Summary: Director & President Wei Cheng Huang, as a stakeholder in the motion, left the venue and recused himself from the discussion and did not vote on the motion.

6. Motion: For the merger of the Company's overseas investees, Polaris Securities (Hong Kong) and Yuanta Asia Investment.

Resolution: Except the directors who recused themselves from the discussion and voting for conflict of interest, the other directors approved the motion unanimously.

Summary: Vice Chairman Ming Hong Ho and Director Wei Cheng Huang act as directors of Yuanta Securities Asia Financial Services concurrently. Therefore, both left the venue and recused themselves from discussion and did not vote on the motion.

(VIII) 1st meeting of the 10th Board of Directors on June 1, 2019

Motion: For appointment of the Company's "Remuneration Committee" members of the 10th term.

Resolution: Except the directors who recused themselves from the discussion and voting for conflict of interest, in person or on behalf of others, the other directors approved the motion unanimously.

Summary: Independent Director Ching Shan Hung and Director Yueh Tsang Lee represented by him, Independent Director Nai Kuan Huang, Independent Director Tu Mu Kuo, Independent Director Kun Hong Lai, Independent Director Hsing Yi Chou, and Independent Director Yu Chun Wu, as the stakeholders in the motion, all left the venue and recused themselves from discussion and did not vote on the motion, in person or on behalf of others.

(IX) 2nd meeting of the 10th Board of Directors on June 27, 2019

1. Motion: To act as the underwriter or financial advisor of the common corporate bonds or financial bonds issued by stakeholders or self-disciplined counterparts and handle the recruitment of human resources.

Resolution: Except the directors who recused themselves from the discussion and voting for conflict of interest, the other directors approved the motion unanimously.

Summary: Director Tony Shen and Independent Director Hsing Yi Chou acts as the Chairman and independent director of Yuanta Financial Holdings concurrently. Independent Director Ching Shan Hung acts as an independent director of Yuanta Bank concurrently. Therefore, all of them left the venue and recused themselves from discussion and did not vote on the motion.

2. Motion: For securities issued by the stakeholders and self-disciplined counterparts traded by Bond Division (including subscription, redemption and borrowing/lending), and the relating trading linked with them.

Resolution: Except the directors who recused themselves from the discussion and voting for conflict of interest, the other directors approved the motion unanimously.

Summary: Director Tony Shen and Independent Director Hsing Yi Chou acts as the Chairman and independent director of Yuanta Financial Holdings concurrently. Independent Director Ching Shan Hung acts as an independent director of Yuanta Bank concurrently. Therefore, all of them left the venue and recused themselves from

discussion and did not vote on the motion.

3. Motion: For loaning of the securities issued by stakeholders or self-disciplined counterparts in order to meet the need for concurrent conduct of securities lending and securities trust lending.

Resolution: Except the directors who recused themselves from the discussion and voting for conflict of interest, the other directors approved the motion unanimously.

Summary: Vice Chairman Ming Hong Ho acts as a director of Kwong Fong concurrently. Director Tony Shen and Independent Director Hsing Yi Chou acts as the Chairman and independent director of Yuanta Financial Holdings concurrently. Independent Director Ching Shan Hung, Independent Director Nai Kuan Huang, and Director Yueh Tsang Lee act as an independent directors and director of Yuanta Futures concurrently. Independent Director Tu Mu Kuo acts as an independent director of Sunny Friend Environmental Technology Co., Ltd. concurrently. Independent Director Kun Hong Lai acts as an independent director of Foresee Pharmaceuticals Co., Ltd. concurrently. Independent Director Yu Chun Wu acts as an independent director of Taiwan Mask Corporation and supervisor of Browave Corporation. Director Yung Ling Ma acts as the Chairman of SINTRONIC Technology concurrently. Director Rui Chen Ma acts as an independent director of Taiwan Tea Corporation concurrently. Accordingly, all of them left the venue and recused themselves from discussion and did not vote on the motion.

4. Motion: For termination of non-competition restriction imposed on the Company's Independent Director Ching Shan Hung, Independent Director Nai Kuan Huang, Director Yueh Tsang Lee, and Director Wei Cheng Huang.

Resolution: Except the directors who recused themselves from the discussion and voting for conflict of interest, the other directors approved the motion unanimously.

Summary: Independent Director Ching Shan Hung, Independent Director Nai Kuan Huang, and Director Yueh Tsang Lee act as independent directors and director of Yuanta Futures concurrently. Director Wei Cheng Huang acts as a director of Yuanta Securities (Korea) and Yuanta Securities (Thailand) concurrently. Therefore, all of them left the venue and recused themselves from discussion and did not vote on the motion.

5. Motion: To authorize the salary of Chairman

Resolution: Except the directors who recused themselves from the discussion and voting for conflict of interest, the other directors approved the motion unanimously.

Summary:

- I. Chairman Vincent Chen, as a stakeholder in the motion, left the venue and recused himself from discussion and did not vote on the motion.
- II. The chairperson in charge of discussion and voting of the motion was held by Independent Director Nai Kuan Huang as a deputy.

(X) 3rd meeting of the 10th Board of Directors on July 23, 2019

1. Motion: For securities issued by the stakeholders and self-disciplined counterparts traded by Bond Division (including borrowing/lending), and the relating trading linked with them.

Resolution: Except the directors who recused themselves from the discussion and voting for conflict of interest, the other directors approved the motion unanimously.

Summary: Director Yung Ling Ma acts as the Chairman of SINTRONIC Technology concurrently. Accordingly, he recused himself from discussion and did not vote on the motion.

2. Motion: For securities issued by the stakeholders and self-disciplined counterparts traded the performance of Quantitative Trading Dept. (including subscription, redemption and

borrowing/lending), and the relating trading linked with them.

Resolution: Except the directors who recused themselves from the discussion and voting for conflict of interest, the other directors approved the motion unanimously.

Summary: Independent Director Hsing Yi Chou acts as an independent director of JMO concurrently. Independent Director Tu Mu Kuo acts as an independent director of Sunny Friend Environmental Technology Co., Ltd. concurrently. Director Rui Chen Ma acts as an independent director of Taiwan Tea Corporation concurrently. Therefore, all of them left the venue and recused themselves from discussion and did not vote on the motion.

3. Motion: For securities issued by the stakeholders and self-disciplined counterparts traded by Financial Trading Dept. (including subscription, redemption and borrowing/lending), and the relating trading linked with them.

Resolution: Except the directors who recused themselves from the discussion and voting for conflict of interest, the other directors approved the motion unanimously.

Summary: Independent Director Hsing Yi Chou acts as an independent director of JMO concurrently. Independent Director Yu Chun Wu acted as the supervisor of Browave Corporation concurrently. Director Yung Ling Ma acts as the Chairman of SINTRONIC Technology concurrently. Director Rui Chen Ma acts as an independent director of Taiwan Tea Corporation concurrently. Therefore, all of them left the venue and recused themselves from discussion and did not vote on the motion.

4. Motion: For loaning of the securities issued by stakeholders or self-disciplined counterparts in order to meet the need for concurrent conduct of securities lending and securities trust lending.

Resolution: Except the directors who recused themselves from the discussion and voting for conflict of interest, the other directors approved the motion unanimously.

Summary: Vice Chairman Ming Hong Ho acts as a director of Kwong Fong concurrently. Director Tony Shen acts as the Chairman of Yuanta Financial Holdings concurrently. Independent Director Hsing Yi Chou acts as an independent director of Yuanta Financial Holdings and JMO concurrently. Independent Director Ching Shan Hung, Independent Director Nai Kuan Huang, and Director Yueh Tsang Lee act as independent directors and director of Yuanta Futures concurrently. Independent Director Tu Mu Kuo acts as an independent director of Sunny Friend Environmental Technology Co., Ltd. concurrently. Independent Director Kun Hong Lai acts as an independent director of Foresee Pharmaceuticals Co., Ltd. concurrently. Independent Director Yu Chun Wu acts as an independent director of Taiwan Mask Corporation and supervisor of Browave Corporation. Director Yung Ling Ma acts as the Chairman of SINTRONIC Technology concurrently. Director Rui Chen Ma acts as an independent director of Taiwan Tea Corporation concurrently. Accordingly, all of them left the venue and recused themselves from discussion and did not vote on the motion.

5. Motion: To execute the service agreement with the stakeholder, Yuanta Securities (Hong Kong) Co., Ltd..

Resolution: Except the directors who recused themselves from the discussion and voting for conflict of interest, the other directors approved the motion unanimously.

Summary:

- I. Chairman Vincent Chen and Director Wei Cheng Huang act as the directors of Yuanta Securities (HK) concurrently. Therefore, both left the venue and recused themselves from the discussion and did not vote on the motion.
- II. The chairperson in charge of discussion and voting of the motion was held by Independent Director Ching Shan Hung as a deputy.

6. Motion: For authorization of the employee remuneration allocated to the Company's managers in 2018.

Resolution: Except the directors who recused themselves from the discussion and voting for conflict of interest, the other directors approved the motion unanimously.

Summary: Director & President Wei Cheng Huang, as a stakeholder in the motion, left the venue and recused himself from the discussion and did not vote on the motion.

(XI) 4th meeting of the 10th Board of Directors on August 22, 2019

1. Motion: For loaning of the securities issued by stakeholders or self-disciplined counterparts in order to meet the need for concurrent conduct of securities lending and securities trust lending.

Resolution: Except the directors who recused themselves from the discussion and voting for conflict of interest, the other directors approved the motion unanimously.

Summary: Vice Chairman Ming Hong Ho acts as a director of Kwong Fong concurrently. Director Tony Shen acts as the Chairman of Yuanta Financial Holdings concurrently. Independent Director Hsing Yi Chou acts as an independent director of Yuanta Financial Holdings and JMO concurrently. Independent Director Ching Shan Hung, Independent Director Nai Kuan Huang, and Director Yueh Tsang Lee act as independent directors and director of Yuanta Futures concurrently. Independent Director Tu Mu Kuo acts as an independent director of Sunny Friend Environmental Technology Co., Ltd. concurrently. Independent Director Kun Hong Lai acts as an independent director of Foresee Pharmaceuticals Co., Ltd. concurrently. Independent Director Yu Chun Wu acts as an independent director of Taiwan Mask Corporation and supervisor of Browave Corporation. Director Yung Ling Ma acts as the Chairman of SINTRONIC Technology concurrently. Accordingly, all of them left the venue and recused themselves from discussion and did not vote on the motion.

2. Motion: To appoint the Company's Assistant Vice President, Wei Ching Chien, to hold the position in the offshore subsidiary.

Resolution: Except the directors who recused themselves from the discussion and voting for conflict of interest, the other directors approved the motion unanimously.

Summary: Director Wei Cheng Huang acted as the Authorized Representative of Yuanta Securities (Vietnam) concurrently. Accordingly, he left the venue and recused himself from the discussion and did not vote on the motion.

(XII) 5th meeting of the 10th Board of Directors on September 26, 2019

1. Motion: For securities issued by the stakeholders and self-disciplined counterparts traded by Bond Division (including subscription, redemption and borrowing/lending), and the relating trading linked with them.

Resolution: Except the directors who recused themselves from the discussion and voting for conflict of interest, the other directors approved the motion unanimously.

Summary: Director Tony Shen and Independent Director Hsing Yi Chou acts as the Chairman and independent director of Yuanta Financial Holdings concurrently. Independent Director Ching Shan Hung acts as an independent director of Yuanta Bank concurrently. Director Yung Ling Ma acts as the Chairman of SINTRONIC Technology concurrently. Accordingly, all of them left the venue and recused themselves from discussion and did not vote on the motion.

2. Motion: To act as the underwriter or financial advisor of the common corporate bonds or financial bonds issued by stakeholders or self-disciplined counterparts and handle the recruitment of human resources.

Resolution: Except the directors who recused themselves from the discussion and voting for conflict of interest, the other directors approved the motion unanimously.

Summary: Director Tony Shen and Independent Director Hsing Yi Chou acts as the Chairman and independent director of Yuanta Financial Holdings concurrently. Independent Director Ching Shan Hung acts as an independent director of Yuanta Bank concurrently. Therefore, all of them left the venue and recused themselves from discussion and did not vote on the motion.

3. Motion: For securities issued by the stakeholders and self-disciplined counterparts traded by Financial Trading Dept. (including subscription, redemption and borrowing/lending), and the relating trading linked with them.

Resolution: Except the directors who recused themselves from the discussion and voting for conflict of interest, the other directors approved the motion unanimously.

Summary: Independent Director Hsing Yi Chou acts as an independent director of JMO concurrently. Director Yung Ling Ma acts as the Chairman of SINTRONIC Technology concurrently. Therefore, both left the venue and recused themselves from discussion and did not vote on the motion. Independent Director Yu Chun Wu represented by Independent Director Kun Hong Lai acted as the supervisor of Browave Corporation concurrently. Independent Kun Hong Lai refrained from participating in the discussion and did not vote on the motion on behalf of Independent Director Yu Chun Wu.

4. Motion: For securities issued by the stakeholders and self-disciplined counterparts traded the performance of Quantitative Trading Dept. (including subscription, redemption and borrowing/lending), and the relating trading linked with them.

Resolution: Except the directors who recused themselves from the discussion and voting for conflict of interest, the other directors approved the motion unanimously.

Summary: Independent Director Hsing Yi Chou acts as an independent director of JMO concurrently. Independent Director Tu Mu Kuo acts as an independent director of Sunny Friend Environmental Technology Co., Ltd. concurrently. Therefore, both left the venue and recused themselves from discussion and did not vote on the motion.

5. Motion: For loaning of the securities issued by stakeholders or self-disciplined counterparts in order to meet the need for concurrent conduct of securities lending and securities trust lending.

Resolution: Except the directors who recused themselves from the discussion and voting for conflict of interest, the other directors approved the motion unanimously.

Summary: Vice Chairman Ming Hong Ho acts as a director of Kwong Fong concurrently. Director Tony Shen acts as the Chairman of Yuanta Financial Holdings concurrently. Independent Director Hsing Yi Chou acts as an independent director of Yuanta Financial Holdings and JMO concurrently. Independent Director Ching Shan Hung, Independent Director Nai Kuan Huang, and Director Yueh Tsang Lee act as independent directors and director of Yuanta Futures concurrently. Independent Director Tu Mu Kuo acts as an independent director of Sunny Friend Environmental Technology Co., Ltd. concurrently. Director Yung Ling Ma acts as the Chairman of SINTRONIC Technology concurrently. Therefore, all of them left the venue and recused themselves from the discussion and did not vote on the motion. Independent Director Kun Hong Lai acts as an independent director of Foresee Pharmaceuticals Co., Ltd. concurrently. Independent Director Yu Chun Wu represented by him acts as an independent director of Taiwan Mask Corporation and supervisor of Browave Corporation concurrently. Accordingly, Independent Kun Hong Lai left the venue and recused himself from discussion and did not vote on the motion, in person or on behalf of Independent Director Yu Chun Wu.

6. Motion: To participate in the underwriting of the “CDPC GDR” organized by the stakeholder, Yuanta Securities (HK) as the co-underwriter.

Resolution: Except the directors who recused themselves from the discussion and voting for

conflict of interest, the other directors approved the motion unanimously.

Summary:

- I. Chairman Vincent Chen and Director Wei Cheng Huang act as directors of Yuanta Securities (HK) concurrently. Therefore, both left the venue and recused themselves from the discussion and did not vote on the motion.
- II. The chairperson in charge of discussion and voting of the motion was held by Independent Director Ching Shan Hung as a deputy.

7. Motion: To participate as a co-organizer in the “BizLink Holding Inc. GDR and Overseas 3rd Unsecured Convertible Corporate Bonds” organized by the stakeholder, Yuanta Securities (HK), as the leading securities firm.

Resolution: Except the directors who recused themselves from the discussion and voting for conflict of interest, the other directors approved the motion unanimously.

Summary:

- I. Chairman Vincent Chen and Director Wei Cheng Huang act as directors of Yuanta Securities (HK) concurrently. Therefore, both left the venue and recused themselves from the discussion and did not vote on the motion.
- II. The chairperson in charge of discussion and voting of the motion was held by Independent Director Ching Shan Hung as a deputy.

8. Motion: For the amendments to the “Regulations Governing Appointment and Management of Managers of Yuanta Securities.”

Resolution: Except the directors who recused themselves from the discussion and voting for conflict of interest, the other directors approved the motion unanimously.

Summary: Director & President Wei Cheng Huang, as a stakeholder in the motion, left the venue and recused himself from the discussion and did not vote on the motion.

9. Motion: For the amendments to the “Regulations Governing Bonus of Yuanta Securities.”

Resolution: Except the directors who recused themselves from the discussion and voting for conflict of interest, the other directors approved the motion unanimously.

Summary: Director & President Wei Cheng Huang, as a stakeholder in the motion, left the venue and recused himself from the discussion and did not vote on the motion.

(XIII) 6th meeting of the 10th Board of Directors on November 5, 2019

1. Motion: For application with related financial organizations for financing limit.

Resolution: Except the directors who recused themselves from the discussion and voting for conflict of interest, the other directors approved the motion unanimously.

Summary: Independent Director Ching Shan Hung acts as an independent director of Yuanta Bank concurrently. Therefore, he left the venue and recused himself from discussion and did not vote on the motion.

2. Motion: To act as the leading securities firm underwriting the “domestic 1st secured convertible corporate bond” issued by AOPEN for which Yuanta Bank serves as the guaranteeing institution.

Resolution: Except the directors who recused themselves from the discussion and voting for conflict of interest, the other directors approved the motion unanimously.

Summary: Independent Director Ching Shan Hung acts as an independent director of Yuanta Bank concurrently. Therefore, he left the venue and recused himself from discussion and did not vote on the motion.

3. Motion: To act as the leading securities firm underwriting the “domestic secured convertible corporate bond” issued by CSBC Corporation, Taiwan for which Yuanta Bank serves

as the guaranteeing institution.

Resolution: Except the directors who recused themselves from the discussion and voting for conflict of interest, the other directors approved the motion unanimously.

Summary: Independent Director Ching Shan Hung acts as an independent director of Yuanta Bank concurrently. Therefore, he left the venue and recused himself from discussion and did not vote on the motion.

4. Motion: To execute the “Addendum” to the tri-party agreement with stakeholders including Yuanta International Insurance Brokers and related insurance companies.

Resolution: Except the directors who recused themselves from the discussion and voting for conflict of interest, the other directors approved the motion unanimously.

Summary: Independent Director Tu Mu Kuo acts as an independent director of Yuanta Life concurrently. Therefore, he left the venue and recused himself from discussion and voting of the motion.

5. Motion: For GDR and additional portfolio for consigned trading of foreign securities to engage in the foreign bond trading with the stakeholder, Yuanta Securities (HK).

Resolution: Except the directors who recused themselves from the discussion and voting for conflict of interest, the other directors approved the motion unanimously.

Summary:

I. Chairman Vincent Chen and Director Wei Cheng Huang act as directors of Yuanta Securities (HK) concurrently. Therefore, both left the venue and recused themselves from the discussion and did not vote on the motion.

II. The chairperson in charge of discussion and voting of the motion was held by Independent Director Ching Shan Hung as a deputy.

6. Motion: For loaning of the securities issued by stakeholders or self-disciplined counterparts in order to meet the need for concurrent conduct of securities lending and securities trust lending.

Resolution: Except the directors who recused themselves from the discussion and voting for conflict of interest, the other directors approved the motion unanimously.

Summary: Vice Chairman Ming Hong Ho acts as a director of Kwong Fong concurrently. Director Tony Shen acts as the Chairman of Yuanta Financial Holdings concurrently. Independent Director Hsing Yi Chou acts as an independent director of Yuanta Financial Holdings and JMO concurrently. Independent Director Ching Shan Hung, Independent Director Nai Kuan Huang, and Director Yueh Tsang Lee act as independent directors and director of Yuanta Futures concurrently. Independent Director Tu Mu Kuo acts as an independent director of Sunny Friend Environmental Technology Co., Ltd. concurrently. Independent Director Kun Hong Lai acts as an independent director of Foresee Pharmaceuticals Co., Ltd. concurrently. Independent Director Yu Chun Wu acts as an independent director of Taiwan Mask Corporation and supervisor of Browave Corporation. Director Yung Ling Ma acts as the Chairman of SINTRONIC Technology concurrently. Accordingly, all of them left the venue and recused themselves from discussion and did not vote on the motion.

(XIV) 7th meeting of the 10th Board of Directors on November 28, 2019

1. Motion: For the additional donation of NT\$5.4 million to the stakeholder, Yuanta Foundation.

Resolution: Except the directors who recused themselves from the discussion and voting for conflict of interest, the other directors approved the motion unanimously.

Summary:

I. Chairman Vincent Chen, Vice Chairman Ming Hong Ho and Director Tony Shen act as directors of Yuanta Foundation concurrently. Therefore, all of

them left the venue and recused themselves from the discussion and did not vote on the motion.

II. The chairperson in charge of discussion and voting of the motion was held by Independent Director Ching Shan Hung as a deputy.

2. Motion: For securities issued by the stakeholders and self-disciplined counterparts traded by Bond Division (including borrowing/lending), and the relating trading linked with them.

Resolution: Except the directors who recused themselves from the discussion and voting for conflict of interest, the other directors approved the motion unanimously.

Summary: Director Yung Ling Ma acts as the Chairman of SINTRONIC Technology concurrently. Accordingly, he recused himself from discussion and did not vote on the motion.

3. Motion: For loaning of the securities issued by stakeholders or self-disciplined counterparts in order to meet the need for concurrent conduct of securities lending and securities trust lending.

Resolution: Except the directors who recused themselves from the discussion and voting for conflict of interest, the other directors approved the motion unanimously.

Summary: Vice Chairman Ming Hong Ho acts as a director of Kwong Fong concurrently. Director Tony Shen acts as the Chairman of Yuanta Financial Holdings concurrently. Independent Director Hsing Yi Chou acts as an independent director of Yuanta Financial Holdings and JMO concurrently. Independent Director Ching Shan Hung, Independent Director Nai Kuan Huang, and Director Yueh Tsang Lee act as independent directors and director of Yuanta Futures concurrently. Independent Director Tu Mu Kuo acts as an independent director of Sunny Friend Environmental Technology Co., Ltd. concurrently. Independent Director Kun Hong Lai acts as an independent director of Foresee Pharmaceuticals Co., Ltd. concurrently. Independent Director Yu Chun Wu acts as an independent director of Taiwan Mask Corporation and supervisor of Browave Corporation. Director Yung Ling Ma acts as the Chairman of SINTRONIC Technology concurrently. Accordingly, all of them left the venue and recused themselves from discussion and did not vote on the motion.

(XV) 8th meeting of the 10th Board of Directors on December 26, 2019

1. Motion: To evaluate the renewal of the co-marketing agreement signed between the Company and the stakeholder, Yuanta Bank.

Resolution: Except the directors who recused themselves from the discussion and voting for conflict of interest, the other directors approved the motion unanimously.

Summary: Independent Director Ching Shan Hung acts as an independent director of Yuanta Bank concurrently. Therefore, he left the venue and recused himself from discussion and did not vote on the motion.

2. Motion: To trade the common corporate bonds or financial bonds issued by stakeholders or the self-disciplined counterparts in the transactions with Bond Dept..

Resolution: Except the directors who recused themselves from the discussion and voting for conflict of interest, the other directors approved the motion unanimously.

Summary: Director Tony Shen and Independent Director Hsing Yi Chou acts as the Chairman and independent director of Yuanta Financial Holdings concurrently. Independent Director Ching Shan Hung acts as an independent director of Yuanta Bank concurrently. Therefore, all of them left the venue and recused themselves from discussion and did not vote on the motion.

3. Motion: To act as the underwriter or financial advisor of the common corporate bonds or financial bonds issued by stakeholders or self-disciplined counterparts and handle the

recruitment of human resources.

Resolution: Except the directors who recused themselves from the discussion and voting for conflict of interest, the other directors approved the motion unanimously.

Summary: Director Tony Shen and Independent Director Hsing Yi Chou acts as the Chairman and independent director of Yuanta Financial Holdings concurrently. Independent Director Ching Shan Hung acts as an independent director of Yuanta Bank concurrently. Therefore, all of them left the venue and recused themselves from discussion and did not vote on the motion.

4. Motion: For securities issued by the stakeholders and self-disciplined counterparts traded by Financial Trading Dept. (including subscription, redemption and borrowing/lending), and the relating trading linked with them.

Resolution: Except the directors who recused themselves from the discussion and voting for conflict of interest, the other directors approved the motion unanimously.

Summary: Independent Director Hsing Yi Chou acts as an independent director of JMO concurrently. Independent Director Yu Chun Wu acts as an independent director of Taiwan Mask Corporation and supervisor of Browave Corporation concurrently. Accordingly, all of them left the venue and recused themselves from discussion and did not vote on the motion.

5. Motion: For securities issued by the stakeholders and self-disciplined counterparts traded the performance of Quantitative Trading Dept. (including subscription, redemption and borrowing/lending), and the relating trading linked with them.

Resolution: Except the directors who recused themselves from the discussion and voting for conflict of interest, the other directors approved the motion unanimously.

Summary: Independent Director Hsing Yi Chou acts as an independent director of JMO concurrently. Independent Director Tu Mu Kuo acts as an independent director of Sunny Friend Environmental Technology Co., Ltd. concurrently. Therefore, both left the venue and recused themselves from discussion and did not vote on the motion.

6. Motion: For loaning of the securities issued by stakeholders or self-disciplined counterparts in order to meet the need for concurrent conduct of securities lending and securities trust lending.

Resolution: Except the directors who recused themselves from the discussion and voting for conflict of interest, the other directors approved the motion unanimously.

Summary: Vice Chairman Ming Hong Ho acts as a director of Kwong Fong concurrently. Director Tony Shen acts as the Chairman of Yuanta Financial Holdings concurrently. Independent Director Hsing Yi Chou acts as an independent director of Yuanta Financial Holdings and JMO concurrently. Independent Director Ching Shan Hung, Independent Director Nai Kuan Huang, and Director Yueh Tsang Lee act as independent directors and director of Yuanta Futures concurrently. Independent Director Tu Mu Kuo acts as an independent director of Sunny Friend Environmental Technology Co., Ltd. concurrently. Independent Director Kun Hong Lai acts as an independent director of Foresee Pharmaceuticals Co., Ltd. concurrently. Independent Director Yu Chun Wu acts as an independent director of Taiwan Mask Corporation and supervisor of Browave Corporation. Director Yung Ling Ma acts as the Chairman of SINTRONIC Technology concurrently. Accordingly, all of them left the venue and recused themselves from discussion and did not vote on the motion.

7. Motion: For the internal audit plan 2020.

Resolution: Except the directors who recused themselves from the discussion and voting for conflict of interest, the other directors approved the motion unanimously.

Summary: Director & President Wei Cheng Huang, as a stakeholder in the motion, left the venue and recused himself from the discussion and did not vote on the motion.

8. Motion: For the capital increase by VND500 billion in Yuanta Securities (Vietnam) Joint Stock Company by the Company's overseas investee, Yuanta Securities Asia Financial Services.

Resolution: Except the directors who recused themselves from the discussion and voting for conflict of interest, the other directors approved the motion unanimously.

Summary:

- I. Chairman Vincent Chen, Vice Chairman Ming Hong Ho and Director Wei Cheng Huang act as directors of Yuanta Asia Financial Services. Therefore, all of them left the venue and recused themselves from the discussion and did not vote on the motion.
- II. The chairperson in charge of discussion and voting of the motion was held by Independent Director Ching Shan Hung as a deputy.

III. The TWSE/TPEX-listed company shall disclose the appraisal cycle and period, scope of appraisal, method and contents of appraisal about the Board of Directors' self (or peer) performance appraisal, and specify the status of appraisal in Schedule 2(2) attached hereto.

IV. Measures undertaken during the current year and in the most recent year in order to strengthen the functions of the Board of Directors (such as the establishment of an audit committee and improvement of information transparency, etc.) and assessment on their implementation:

In order to enhance the functions of the Board of Directors, the Company has adopted the corporate governance-related rules and regulations, such as Corporate Governance Best Practice Principles, Parliamentary Rules for Directors' Meetings, Rules Governing Functions of Directors, Rules Governing Functions of Independent Directors, Self-Check Summary Table for Directors' Initial Appointment, Regulations Governing Directors' Continuing Education, Regulations Governing Appraisal on Performance of the Board of Directors, Articles of Association for Audit Committee, Communication Procedures for Audit Committee and Internal Auditing Department, Communication Procedures for Audit Committee and Risk Management Department, Communication Procedures for Audit Committee and Certified Public Accountants, Regulations Governing Implementation of Complaint System, Rules Governing Transactions with Stakeholders, and SOP for the General Power of Attorney Regarding the Non-Credit Transactions Between the Company and Stakeholders Defined in Article 45 of the Financial Holding Company Act, as followed by the Company, and also amended by the Company from time to time in response to actual operating needs.

Note: Actual attendance rate was calculated on the basis of the number of board meetings held during each director's term and the number of meetings actually attended by that director.

2. Implementation of Board of Directors evaluation

According to the result of the self-assessment on performance of the Board of Directors and functional committees in 2019, all of the directors granted positive comments on their own performance, and the efficiency and performance of the Board of Directors and functional committees. Meanwhile, most of them believed that the Board of Directors and functional committees have performed their functions and also complied with related laws. Summarized as following:

a. Self-assessment on performance of Board of Directors

Appraisal cycle	Once per year
Appraisal period	The performance appraisal on the Board of Directors persisting from January 1, 2019 to December 31, 2019.
Scope of appraisal	Board of Directors
Method of appraisal	Internal self-assessment on the Board of Directors
Contents of appraisal	<ol style="list-style-type: none">1. Scope of assessment:<ol style="list-style-type: none">(1) Degree of participation in the Company's operation;(2) Upgrading the quality of the Board of Directors' decision making;(3) Formation and structure of the Board of Directors;(4) Election and continuing education of directors;(5) Internal control;(6) Entire assessment2. Comprehensive comments<ol style="list-style-type: none">(1) The Board of Directors is operating effectively and successfully.(2) The Board of Directors is operating soundly.(3) The Board of Directors convenes the meeting on a monthly basis, and the special meeting in the case of major contingency, thereby satisfying the corporate governance requirements.(4) The Board of Directors values corporate governance operations and respects the independent directors' function and operation.(5) Sufficient information backs up successful legal compliance.(6) Excellent operation beyond the requirements defined in the Best Practice Principles.(7) Practice corporate governance with due diligence.

b. Self-assessment on performance of Board members

Appraisal cycle	Once per year
Appraisal period	The performance appraisal on the Board of Directors members persisting from January 1, 2019 to December 31, 2019.
Scope of appraisal	Member of Board of Directors
Method of appraisal	Self-assessment by Members of Board of Directors
Contents of appraisal	<ol style="list-style-type: none"> 1. Scope of assessment: <ol style="list-style-type: none"> (1) Alignment with the Company's goals and mission; (2) Awareness toward directors' responsibilities and duties; (3) Degree of participation in the Company's operation; (4) Management of internal relations and communication; (5) Expertise and continuing education of directors; (6) Internal control; (7) Entire assessment 2. Comprehensive comments <ol style="list-style-type: none"> (1) All directors perform duty strictly, and supervise the Company's business and finance with due diligence. (2) All Board members perform duty strictly, and practice the functions of the Board of Directors perfectly. (3) Given the major impact to be posed by the continuous trading system implemented as of March this year to the market, the Company's related department has been asked to provide assessment report and adjust the system to protect the natural person investors and evade risks. (4) Harmony in diversity. (5) Dedicated, and success expected. (6) Engage in personal continuing education about professional expertise to improve their competence.

c. Self-assessment on performance of Audit Committee

Appraisal cycle	Once per year
Appraisal period	The performance appraisal on the Audit Committee persisting from January 1, 2019 to December 31, 2019.
Scope of appraisal	Audit Committee
Method of appraisal	Self-assessment on Audit Committee
Contents of appraisal	<ol style="list-style-type: none"> 1. Scope of assessment: <ol style="list-style-type: none"> (1) Degree of participation in the Company's operation; (2) Awareness toward Audit Committee's responsibilities and duties; (3) Upgrading the quality of the Audit Committee's decision making; (4) Formation of Audit Committee and election of the Committee members; (5) Internal control; (6) Entire assessment. 2. Comprehensive comments <ol style="list-style-type: none"> (1) All Audit Committee members can practice their professional knowledge and expertise, and supervise the Company's business and finance responsibly. (2) All Audit Committee members are specialized in various fields, and perform duty as an independent director strictly to practice the functions of Audit Committee sufficiently. (3) Sufficient information backs up successful communication and legal compliance. (4) Uphold the highest conscientiousness.

d. Self-assessment on performance of Remuneration Committee

Appraisal cycle	Once per year
Appraisal period	The performance appraisal on the Remuneration Committee persisting from January 1, 2019 to December 31, 2019.
Scope of appraisal	Remuneration Committee
Method of appraisal	Self-assessment on Remuneration Committee
Contents of appraisal	<ol style="list-style-type: none"> 1. Scope of assessment: <ol style="list-style-type: none"> (1) Degree of participation in the Company's operation; (2) Awareness toward Audit Committee's responsibilities and duties; (3) Upgrading the quality of the Audit Committee's decision making; (4) Formation of Audit Committee and election of the Committee members; (5) Internal control; (6) Entire assessment. 2. Comprehensive comments <ol style="list-style-type: none"> (1) The Remuneration Committee is operating soundly, and provides objective and professional opinion to the Board of Directors for reference. (2) The Remuneration Committee members strictly comply with the Company's remuneration policy to solidify the overall remuneration system. (3) Sufficient information backs up successful legal compliance and legal compliance. (4) Staff's hardworking and members' dedicated engagement.

(II) Operations of the audit committee

1. The committee held 18 meetings (A) in the most recent year (2019), and the attendance records of the independent directors are listed below:

Title	Name	Actual attendance (B)	Attendance by proxy	Actual attendance rate (%) [A/B]	Remarks
Independent Director	Yuanta Financial Holding Co., Ltd. Representative: Ching-shan Hung	18	0	100%	Re-elected on June 1, 2019
Independent Director	Yuanta Financial Holding Co., Ltd. Representative: Yu-qun Wu	9	1	90%	Appointed on 2019/06/01; held 10 times during tenure.
Independent Director	Yuanta Financial Holding Co., Ltd. Representative: Tu-mu Kuo	18	0	100%	Re-elected on June 1, 2019
Independent Director	Yuanta Financial Holding Co., Ltd. Representative: Kun-hung Lai	18	0	100%	Re-elected on June 1, 2019
Independent Director	Yuanta Financial Holding Co., Ltd. Representative: Hsing-yi Chow	10	0	100%	Appointed on 2019/06/01; held 10 times during tenure.
Former Independent Director	Yuanta Financial Holding Co., Ltd. Representative: Sou-shan Wu	8	0	100%	Discharged upon expiration of the term of office on May 31, 2019, a total of 8 meetings held during the term of office.
Former Independent Director	Yuanta Financial Holding Co., Ltd. Representative: Chuang-li Chang	8	0	100%	Discharged upon expiration of the term of office on May 31, 2019, a total of 8 meetings held during the term of office.
Former Independent Director	Yuanta Financial Holding Co., Ltd. Representative: Nai-kuan Huang	18	0	100%	Re-elected on June 1, 2019 Has resigned on 2019/12/30, held 18 times during tenure.

Other items to be stated:

I. Where the operation of the Audit Committee meets any of the following circumstances, the minutes concerned shall clearly state the meeting date, term, contents of motions, Audit Committee's resolution and the Company's resolution of Audit Committee's opinions:

(I) The circumstances referred to in Article 14-5 of the Securities and Exchange Act;

1. 33rd meeting of the 9th board of directors on January 24, 2019

(1) Motion: To change the Company's independent auditors and appoint the independent auditors for this year (2019).

Explanation: Upon review on the motion at the 45th meeting of the 9th Audit Committee on January 15, 2019, the Committee resolved that "the motion should be passed and reported to the Board of Directors meeting for resolution".

Resolution: All of the directors present at the meeting approved the motion unanimously.

(2) Motion: To amend the Company's "Internal Control System" in part.

Explanation: Upon review on the motion at the 45th meeting of the 9th Audit Committee on January 15, 2019, the Committee resolved that "the motion should be passed and reported to the Board of Directors meeting for resolution".

Resolution: All of the directors present at the meeting approved the motion unanimously.

2. 34th meeting of the 9th board of directors on March 7, 2019

(1) Motion: To report the issuance of "Yuanta Taiwan Preferred Stock Mix High Dividend 20 ETN," and add certain contents to the Company's Internal Control System".

Explanation: Upon review on the motion at the 46th meeting of the 9th Audit Committee on February 26, 2019, the Committee resolved that "the motion should be passed and reported to the Board of Directors meeting for resolution".

Resolution: All of the directors present at the meeting approved the motion unanimously.

(2) Motion: To amend the certain contents of the Company's "Operating Procedure for Acquisition and Disposal of Assets," "Operating Procedure for Trading Derivatives" and "Regulations Governing Financial and Business Matters Between the Company and its Affiliated Enterprises".

Explanation: Upon review on the motion at the 46th meeting of the 9th Audit Committee on February 26, 2019, the Committee resolved that "the motion should be passed and reported to the Board of Directors meeting for resolution".

Resolution: All of the directors present at the meeting approved the motion unanimously.

3. 35th meeting of the 9th board of directors on March 25, 2019

(1) Motion: For the Company's individual and consolidated financial statements 2018.

Explanation: Upon review on the motion at the 47th meeting of the 9th Audit Committee on March 21, 2019, the Committee resolved that "the motion should be passed and reported to the Board of Directors meeting for resolution".

Resolution: All of the directors present at the meeting approved the motion unanimously, and the motion was submitted to a general shareholders' meeting for ratification.

(2) Motion: For preparation of the Company's "Declaration of Statement for Internal Control System" and "Declaration of Statement for Anti-Money Laundering and Countering Terrorism Financing" 2018.

Explanation: Upon review on the motion at the 47th meeting of the 9th Audit Committee on March 21, 2019, the Committee resolved that "the motion should be passed and reported to the Board of Directors meeting for resolution".

Resolution: All of the directors present at the meeting approved the motion unanimously.

- (3) Motion: To appoint Deloitte Taiwan to provide the related consulting service about the application for qualified intermediary with Internal Revenue Service.
- Explanation: Upon review on the motion at the 47th meeting of the 9th Audit Committee on March 21, 2019, the Committee resolved that “the motion should be passed and reported to the Board of Directors meeting for resolution”.
- Resolution: All of the directors present at the meeting approved the motion unanimously.
- (4) Motion: To re-consider the price for acquisition of the equity held by the stakeholder, Yuanta Financial Holdings, in Yuanta Securities Finance in whole.
- Explanation: The motion has been reviewed at 47th meeting of 9th Audit Committee convened on March 21 this year. As a result, except Independent Director Sou Shan Wu who, as a stakeholder, recused himself from the discussion and voting on the parts related to him, the other directors approved the motion unanimously, and the motion was reported to a directors’ meeting for resolution.
- Resolution: Except the directors who recused themselves from the discussion and voting for conflict of interest, the other directors approved the motion unanimously.
- Summary:
- I. Chairman Tony Shen, Vice Chairman Ming Hong Ho, Director Yueh Tsang Lee, and Independent Director Sou Shan Wu acted as the directors and independent directors of the affiliate, Yuanta Financial Holdings, concurrently. Accordingly, all of them recused themselves from discussion and voting for the motion.
 - II. The chairperson in charge of discussion and voting of the motion was held by Independent Director Tu Mu Kuo as a deputy.
4. 36th meeting of the 9th board of directors on March 29, 2019
- Motion: For transfer of managers.
- Explanation: Upon review on the motion at the 47th meeting of the 9th Audit Committee on March 21, 2019, the Committee resolved that “the motion should be passed and reported to the Board of Directors meeting for resolution”.
- Resolution: Except the directors who recused themselves from the discussion and voting for conflict of interest by proxy, the other directors approved the motion unanimously.
- Summary: Director Wei Cheng Huang whom Director Ku Pin Huang acted on behalf of, as a stakeholder in the motion, recused himself from discussion and did not vote on the motion by proxy.
5. 37th meeting of the 9th board of directors on April 24, 2019
- (1) Motion: To propose the succession of the Company’s subsidiary, Yuanta Securities Finance, to the equity and related creditor’s right in the loan secured by margin trading and short sale, refinancing and marketable securities of Fuhwa Securities Finance.
- Explanation: The motion has been reviewed and approved by Yuanta Financial Holdings at the meeting of Audit Committee and directors’ meeting convened before this meeting. Further, the meeting of Audit Committee convened by the Company before this meeting resolved that “the motion should be passed and reported to the Board of Directors meeting for resolution.”
- Resolution: Except the directors who recused themselves from the discussion and voting for conflict of interest, the other directors approved the motion unanimously.
- Summary: Independent Director Ching Shan Hung, Independent Director Kun Hong Lai, and Independent Nai Kuan Huang acted as the members of Yuanta Securities Finance’s M&A Committee concurrently. Therefore, all of them recused themselves from discussion and did not vote on the motion.

- (2) Motion: To authorize the salary of Chairman and Vice Chairman
- Explanation: Upon review on the motion at 21st meeting of 9th Remuneration Committee and 48th meeting of 9th Audit Committee convened on April 23 this year, it was resolved that “the motion should be passed and reported to the Board of Directors meeting for resolution.”
- Resolution: Except the directors who recused themselves from the discussion and voting for conflict of interest and refrained from acting or acted on behalf of or by others in the discussion and voting, the other directors approved the motion unanimously.
- Summary:
- I. Chairman Tony Shen, and Vice Chairman Ming Hong Ho represented by him, and Director & President Wei Cheng Huang stakeholders in the motion, recused themselves from the discussion and did not vote on the motion, and refrained from acting or acted on behalf of or by others in the discussion and voting.
 - II. The chairperson in charge of discussion and voting of the motion was held by Independent Director Ching Shan Hung as a deputy.
6. 38th meeting of the 9th board of directors on May 6, 2019
- (1) Motion: To work with the five stakeholders including Yuanta Bank to complete the “Urban Renewal Plan” of the Company’s real property, Tatung Building.
- Explanation: The motion has been reviewed and approved by Yuanta Financial Holdings at the meeting of Audit Committee and directors’ meeting convened on April 23 and April 30, respectively. Further, the motion has been reviewed at 50th meeting of 9th Audit Committee convened prior to this meeting. As a result, except Independent Director Ching Shan Hung and Independent Nai Kuan Huang who, as stakeholders, recused themselves from the discussion and voting, the other directors approved the motion unanimously, and the motion was reported to a directors’ meeting for resolution.
- Resolution: Except the directors who recused themselves from the discussion and voting for conflict of interest, the other directors approved the motion unanimously.
- Summary: Independent Director Ching Shan Hung acted as an independent director of Yuanta Bank and Yuanta Futures concurrently. Independent Director Nai Kuan Huang and Director Yueh Tsang Lee act as directors of Yuanta Futures concurrently. Therefore, all of them recused themselves from discussion and did not vote on the motion.
- (2) Motion: For termination of non-competition restriction imposed on the Company’s Director & President, Wei Cheng Huang.
- Explanation: Upon review on the motion at the 48th meeting of the 9th Audit Committee on April 23, 2019, the Committee resolved that “the motion should be passed and reported to the Board of Directors meeting for resolution”.
- Resolution: Except the directors who recused themselves from the discussion and voting for conflict of interest, the other directors approved the motion unanimously.
- Summary: Director & President Wei Cheng Huang, as a stakeholder in the motion, left the venue and recused himself from the discussion and did not vote on the motion.
7. 39th meeting of the 9th board of directors on May 30, 2019
- (1) Motion: For termination of non-competition restriction imposed on the Company’s Director & President, Wei Cheng Huang.
- Explanation: Upon review on the motion at the 51st meeting of the 9th Audit Committee on May 21, 2019, the Committee resolved that “the motion should be passed and reported to the Board of Directors meeting for resolution”.
- Resolution: Except the directors who recused themselves from the discussion and voting for conflict

- of interest, the other directors approved the motion unanimously.
- Summary: Director & President Wei Cheng Huang, as a stakeholder in the motion, left the venue and recused himself from the discussion and did not vote on the motion.
- (2) Motion: For the merger of the Company's overseas investees, Polaris Securities (Hong Kong) and Yuanta Asia Investment.
- Explanation: Upon review on the motion at the 51st meeting of the 9th Audit Committee on May 21, 2019, the Committee resolved that "the motion should be passed and reported to the Board of Directors meeting for resolution".
- Resolution: Except the directors who recused themselves from the discussion and voting for conflict of interest, the other directors approved the motion unanimously.
- Summary: Vice Chairman Ming Hong Ho and Director Wei Cheng Huang act as directors of Yuanta Securities Asia Financial Services concurrently. Therefore, both left the venue and recused themselves from discussion and did not vote on the motion.
8. 2nd meeting of the 10th Board of Directors on June 27, 2019
- (1) Motion: To amend the Company's "Internal Control System" in part.
- Explanation: Upon review on the motion at the 2nd meeting of the 10th Audit Committee on June 18, 2019, the Committee resolved that "the motion should be passed and reported to the Board of Directors meeting for resolution".
- Resolution: All of the directors present at the meeting approved the motion unanimously.
- (2) Motion: For termination of non-competition restriction imposed on the Company's Independent Director Ching Shan Hung, Independent Director Nai Kuan Huang, Director Yueh Tsang Lee, and Director Wei Cheng Huang.
- Description: Except the directors who recused themselves from the discussion and voting for conflict of interest, the other directors approved the motion unanimously.
- Resolution: Independent Director Ching Shan Hung, Independent Director Nai Kuan Huang, and Director Yueh Tsang Lee act as independent directors and director of Yuanta Futures concurrently. Director Wei Cheng Huang acted as the director of Yuanta Securities (Korea) and Yuanta Securities (Thailand) concurrently. Therefore, all of them left the venue and recused themselves from discussion and did not vote on the motion.
9. 3rd meeting of the 10th Board of Directors on July 23, 2019
- (1) Motion: To adopt the Company's "Standard Operating Procedure for Handling Directors' Requirements."
- Explanation: Upon review on the motion at the 4th meeting of the 10th Audit Committee on July 16, 2019, the Committee resolved that "the motion should be passed and reported to the Board of Directors meeting for resolution".
- Resolution: All of the directors present at the meeting approved the motion unanimously.
- (2) Motion: To amend certain contents of the Company's "Internal Control System" related to the futures operations.
- Explanation: Upon review on the motion at the 4th meeting of the 10th Audit Committee on July 16, 2019, the Committee resolved that "the motion should be passed and reported to the Board of Directors meeting for resolution".
- Resolution: All of the directors present at the meeting approved the motion unanimously.
- (3) Motion: To amend the Company's 2018 "Statement of Declaration for Internal Control System."
- Explanation: Upon review on the motion at the 4th meeting of the 10th Audit Committee on July 16, 2019, the Committee resolved that "the motion should be passed and reported to the Board of Directors meeting for resolution".

- Resolution: All of the directors present at the meeting approved the motion unanimously.
10. 4th meeting of the 10th Board of Directors on August 22, 2019
- Motion: For the Company's individual and consolidated financial statements 2019.
- Explanation: Upon review on the motion at the 5th meeting of the 10th Audit Committee on August 20, 2019, the Committee resolved that "the motion should be passed and reported to the Board of Directors meeting for resolution".
- Resolution: All of the directors present at the meeting approved the motion unanimously.
11. 6th meeting of the 10th Board of Directors on November 5, 2019
- (1) Motion: For the Company's issuance of new shares upon recapitalization of special reserve.
- Explanation: The motion has been reviewed at 8th meeting of 10th Audit Committee convened prior to this meeting. As a result, the Committee resolved that "the motion should be passed and reported to the Board of Directors meeting for resolution."
- Resolution: All of the directors present at the meeting approved the motion unanimously.
- (2) Motion: To amend certain articles of the Company's "Operating Procedure for Acquisition and Disposal of Assets of Yuanta Securities Co., Ltd.."
- Explanation: Upon review on the motion at the 7th meeting of the 10th Audit Committee on October 15, 2019, the Committee resolved that "the motion should be passed and reported to the Board of Directors meeting for resolution".
- Resolution: All of the directors present at the meeting approved the motion unanimously.
12. 7th meeting of the 10th Board of Directors on November 28, 2019
- (1) Motion: To appoint PwC Taiwan to provide the consulting service about overseas investment framework and taxation.
- Explanation: Upon review on the motion at the 9th meeting of the 10th Audit Committee on November 19, 2019, the Committee resolved that "the motion should be passed and reported to the Board of Directors meeting for resolution".
- Resolution: All of the directors present at the meeting approved the motion unanimously.
- (2) Motion: To report the issuance of ETN linked with "TPEX 200 Index."
- Explanation: Upon review on the motion at the 9th meeting of the 10th Audit Committee on November 19, 2019, the Committee resolved that "the motion should be passed and reported to the Board of Directors meeting for resolution".
- Resolution: All of the directors present at the meeting approved the motion unanimously.
13. 8th meeting of the 10th Board of Directors on December 26, 2019
- (1) Motion: To appoint PricewaterhouseCoopers Risk Consulting Taiwan Co., Ltd. to conduct the assessment on rationality of the Company's information security protection.
- Explanation: Upon review on the motion at the 10th meeting of the 10th Audit Committee on December 17, 2019, the Committee resolved that "the motion should be passed and reported to the Board of Directors meeting for resolution".
- Resolution: All of the directors present at the meeting approved the motion unanimously.
- (2) Motion: For the capital increase by VND500 billion in Yuanta Securities (Vietnam) Joint Stock Company by the Company's overseas investee, Yuanta Securities Asia Financial Services.
- Explanation: Upon review on the motion at the 10th meeting of the 10th Audit Committee on December 17, 2019, the Committee resolved that "the motion should be passed and reported to the Board of Directors meeting for resolution".

Resolution: Except the directors who recused themselves from the discussion and voting for conflict of interest, the other directors approved the motion unanimously.

Summary:

- I. Chairman Vincent Chen, Vice Chairman Ming Hong Ho and Director Wei Cheng Huang act as directors of Yuanta Asia Financial Services. Therefore, all of them left the venue and recused themselves from the discussion and did not vote on the motion.
- II. The chairperson in charge of discussion and voting of the motion was held by Independent Director Ching Shan Hung as a deputy.

(II) Aside from said circumstances, resolution(s) not passed by the audit committee but receiving the consent of two thirds of the Board of Directors: None.

II. In instances where an independent director recused himself/herself due to a conflict of interest, the minutes shall clearly state the director's name, contents of the motion and resolution thereof, reason for not voting and actual voting counts:

(I) 45th meeting of 9th Audit Committee on January 15, 2019

1. Motion: For securities issued by the stakeholders and self-disciplined counterparts traded the performance of Quantitative Trading Dept. (including subscription, redemption and borrowing/lending), and the relating trading linked with them.

Resolution: Except Independent Director Tu Mu Kuo who, as a stakeholder, left the venue and recused himself from discussion and did not vote on the motion, the other directors approved the motion unanimously, and the motion was reported to a directors' meeting for resolution.

Summary:

- I. Independent Director Tu Mu Kuo acts as an independent director of Sunny Friend Environmental Technology Co., Ltd. Concurrently and, therefore, recused himself from discussion and did not vote on the motion.
- II. The chairperson in charge of discussion and voting of the motion was held by Independent Director Chuan Li Chang as a deputy.

2. Motion: For loaning of the securities issued by stakeholders or self-disciplined counterparts in order to meet the need for concurrent conduct of securities lending and securities trust lending.

Resolution: Except Independent Director Tu Mu Kuo, Independent Director Ching Shan Hung, Independent Director Sou Shan Wu, Independent Director Kun Hong Lai and Independent Director Nai Kuan Huang who, as stakeholders, recused themselves from the discussion and vote of the motion, the other directors approved the motion unanimously, and the motion was reported to a directors' meeting for resolution.

Summary:

- I. Independent Director Tu Mu Kuo acts as an independent director of Sunny Friend Environmental Technology Co., Ltd. concurrently. Independent Director Ching Shan Hung and Independent Nai Kuan Huang act as independent directors of Yuanta Futures at the same time. Independent Director Sou Shan Wu acts as an independent director of Yuanta Financial Holdings concurrently. Independent Director Kun Hong Lai acts as an independent director of Foresee Pharmaceuticals Co., Ltd. concurrently. Therefore, all of them recused themselves from the discussion and vote of the motion.
- II. The chairperson in charge of discussion and voting of the motion was held by Independent Director Chuan Li Chang as a deputy.

(II) 46th meeting of 9th Audit Committee on February 26, 2019

1. Motion: For securities issued by the stakeholders and self-disciplined counterparts traded the

performance of Quantitative Trading Dept. (including subscription, redemption and borrowing/lending), and the relating trading linked with them.

Resolution: Except Independent Director Tu Mu Kuo who, as a stakeholder, recused himself from discussion and voting of the parts related to them, the other directors approved the motion unanimously, and the motion was reported to a directors' meeting for resolution.

Summary:

- I. Independent Director Tu Mu Kuo acted as the independent director of Sunny Friend Environmental Technology Co., Ltd. Concurrently and, therefore, recused himself from discussion and voting for the part related to said company in the motion.
- II. The chairperson in charge of discussion and voting of the motion was held by Independent Director Ching Shan Hung as a deputy.

2. Motion: For loaning of the securities issued by stakeholders or self-disciplined counterparts in order to meet the need for concurrent conduct of securities lending and securities trust lending.

Resolution: Except Independent Director Tu Mu Kuo, Independent Director Ching Shan Hung, Independent Director Sou Shan Wu, Independent Director Kun Hong Lai and Independent Director Nai Kuan Haung who, as stakeholders, recused themselves from the discussion and vote on the parts related to them, the other directors approved the motion unanimously, and the motion was reported to a directors' meeting for resolution.

Summary:

- I. Independent Director Tu Mu Kuo acted as the independent director of Sunny Friend Environmental Technology Co., Ltd. Concurrently. Independent Director Ching Shan Hung and Independent Director Nai Kuan Huang acted as the independent directors of Yuanta Futures the same time. Independent Director Sou Shan Wu acted the independent director of Yuanta Financial Holdings concurrently. Independent Director Kun Hong Lai acted as the independent director of Foresee Pharmaceuticals Co., Ltd. concurrently. Therefore, all of them recused themselves from the discussion and vote on the part related to them in the motion.
- II. The chairperson in charge of discussion and voting of the motion was held by Independent Director Chuan Li Chang as a deputy.

(III) 47th meeting of 9th Audit Committee on March 21, 2019

1. Motion: To act as the underwriter or financial advisor of the common corporate bonds or financial bonds issued by stakeholders or self-disciplined counterparts and handle the recruitment of human resources.

Resolution: Except Independent Director Ching Shan Hung and Independent Director Sou Shan Wu who, as a stakeholder, recused himself from the discussion and vote on the parts related to them, the other directors approved the motion unanimously, and the motion was reported to a directors' meeting for resolution.

Summary: Independent Director Ching Shan Hung also held the position of independent director of the affiliate, Yuanta Bank, at the same time. Independent Director Sou Shan Wu held the position of independent director of Yuanta Financial Holdings. Therefore, both recused themselves from the discussion and vote on the part related to them.

2. Motion: For securities issued by the stakeholders and self-disciplined counterparts traded by Bond Division (including subscription, redemption and borrowing/lending), and the relating trading linked with them.

Resolution: Except Independent Director Ching Shan Hung and Independent Director Sou Shan Wu who, as a stakeholder, recused himself from the discussion and vote on the parts related to them, the other directors approved the motion unanimously, and the motion was reported to a directors' meeting for resolution.

Summary: Independent Director Ching Shan Hung also held the position of independent director of the affiliate, Yuanta Bank, at the same time. Independent Director Sou Shan Wu held the position of independent director of Yuanta Financial Holdings. Therefore, both recused themselves from the discussion and vote on the part related to them.

3. Motion: For loaning of the securities issued by stakeholders or self-disciplined counterparts in order to meet the need for concurrent conduct of securities lending and securities trust lending.

Resolution: Except Independent Director Tu Mu Kuo, Independent Director Ching Shan Hung, Independent Director Sou Shan Wu, Independent Director Kun Hong Lai and Independent Director Nai Kuan Huang who, as stakeholders, recused themselves from the discussion and vote on the parts related to them, the other directors approved the motion unanimously, and the motion was reported to a directors' meeting for resolution.

Summary:

- I. Independent Director Tu Mu Kuo acted as the independent director of Sunny Friend Environmental Technology Co., Ltd. Concurrently. Independent Director Ching Shan Hung and Independent Director Nai Kuan Huang acted as the independent directors of Yuanta Futures the same time. Independent Director Sou Shan Wu acted the independent director of Yuanta Financial Holdings concurrently. Independent Director Kun Hong Lai acted as the independent director of Foresee Pharmaceuticals Co., Ltd. concurrently. Therefore, all of them recused themselves from the discussion and vote on the part related to them in the motion.
- II. The chairperson in charge of discussion and voting of the motion was held by Independent Director Chuan Li Chang as a deputy.

4. Motion: To re-consider the price for acquisition of the equity held by the stakeholder, Yuanta Financial Holdings, in Yuanta Securities Finance in whole.

Resolution: Except Independent Director Sou Shan Wu who, as a stakeholder, recused himself from the discussion and vote on the motion, the other directors approved the motion unanimously, and the motion was reported to a directors' meeting for resolution.

Summary: Independent Director Sou Shan also acts as an independent director of Yuanta Financial Holdings at the same time and, therefore, recused himself from the discussion and vote on the motion.

(IV) 48th meeting of 9th Audit Committee on April 23, 2019

1. Motion: For securities issued by the stakeholders and self-disciplined counterparts traded the performance of Quantitative Trading Dept. (including subscription, redemption and borrowing/lending), and the relating trading linked with them.

Resolution: Except Independent Director Tu Mu Kuo who, as a stakeholder, recused himself from discussion and voting of the parts related to them, the other directors approved the motion unanimously, and the motion was reported to a directors' meeting for resolution.

Summary:

- I. Independent Director Tu Mu Kuo acted as the independent director of Sunny Friend Environmental Technology Co., Ltd. Concurrently and, therefore, recused himself from discussion and voting for the part related to said company in the motion.
- II. The chairperson in charge of discussion and voting of the motion was held by Independent Director Ching Shan Hung as a deputy.

2. Motion: For loaning of the securities issued by stakeholders or self-disciplined counterparts in order to meet the need for concurrent conduct of securities lending and securities trust lending.

Resolution: Except Independent Director Tu Mu Kuo, Independent Director Ching Shan Hung,

Independent Director Sou Shan Wu, Independent Director Kun Hong Lai and Independent Director Nai Kuan Huang who, as stakeholders, recused themselves from the discussion and vote on the parts related to them, the other directors approved the motion unanimously, and the motion was reported to a directors' meeting for resolution.

Summary:

- I. Independent Director Tu Mu Kuo acted as the independent director of Sunny Friend Environmental Technology Co., Ltd. Concurrently. Independent Director Ching Shan Hung and Independent Nai Kuan Huang acted as the independent directors of Yuanta Futures the same time. Independent Director Sou Shan Wu acted the independent director of Yuanta Financial Holdings concurrently. Independent Director Kun Hong Lai acted as the independent director of Foresee Pharmaceuticals Co., Ltd. concurrently. Therefore, all of them recused themselves from the discussion and vote on the part related to them in the motion.
- II. The chairperson in charge of discussion and voting of the motion was held by Independent Director Chuan Li Chang as a deputy.

3. Motion: For termination of non-competition restriction imposed on the Company's managers.

Resolution: Except Independent Director Ching Shan Hung and Independent Nai Kuan Huang, as stakeholders, recused themselves from the discussion and vote on the motion, the other directors approved the motion unanimously, and the motion was reported to a directors' meeting for resolution.

Summary: Independent Director Ching Shan Hung and Independent Director Nai Kuan Huang act as independent directors of Yuanta Futures concurrently. Therefore, both recused themselves from discussion and did not vote on the motion.

(V) 49th meeting of 9th Audit Committee on April 24, 2019

Motion: To propose the succession of the Company's subsidiary, Yuanta Securities Finance, to the equity and related creditor's right in the loan secured by margin trading and short sale, refinancing and marketable securities of Fuhwa Securities Finance.

Resolution: Except Independent Director Ching Shan Hung, Independent Director Kun Hong Lai and Independent Director Nai Kuan Huang who, as stakeholders, recused themselves from the discussion and did not vote on the motion, and the amount of actual assignment calculated and compiled based on the three major dates (date of Yuanta Securities Finance's shareholders' meeting, date of execution of the contract, and record date of assignment) was recorded in the worksheet for reference, the other directors approved the motion unanimously, and the motion was reported to a directors' meeting for resolution.

Summary: Independent Director Ching Shan Hung, Independent Director Kun Hong Lai, and Independent Nai Kuan Huang acted as the members of Yuanta Securities Finance's M&A Committee concurrently. Therefore, all of them recused themselves from discussion and did not vote on the motion.

(VI) 50th meeting of 9th Audit Committee on May 6, 2019

Motion: To work with the five stakeholders including Yuanta Bank to complete the "Urban Renewal Plan" of the Company's real property, Tatung Building.

Resolution: Except Independent Director Ching Shan Hung and Independent Nai Kuan Huang, as stakeholders, recused themselves from the discussion and vote on the motion, the other directors approved the motion unanimously, and the motion was reported to a directors' meeting for resolution.

Resolution: Independent Director Ching Shan Hung acts as the independent director of Yuanta Bank and Yuanta Futures concurrently. Independent Director Nai Kuan Huang and Director Yueh Tsang Lee act as the independent director and director of Yuanta Futures concurrently. Therefore, all of them recused themselves from discussion and did not

vote on the motion.

(VII) 51st meeting of 9th Audit Committee on May 21, 2019

1. Motion: For securities issued by the stakeholders and self-disciplined counterparts traded by Bond Division (including borrowing/lending), and the relating trading linked with them.

Resolution: Except Independent Director Chuan Li Chang who, as a stakeholder, recused himself from the discussion and vote on the motion, the other directors approved the motion unanimously, and the motion was reported to a directors' meeting for resolution.

Summary: Independent Director Chuan Li Chang acts as an independent director of CUB ELECPARTS INC. concurrently and, therefore, recused himself from discussion and did not vote on the motion.
2. Motion: For securities issued by the stakeholders and self-disciplined counterparts traded the performance of Quantitative Trading Dept. (including subscription, redemption and borrowing/lending), and the relating trading linked with them.

Resolution: Except Independent Director Tu Mu Kuo, Independent Director Chuan Li Chang who, as a stakeholder, recused himself from the discussion and vote on the motion, the other directors approved the motion unanimously, and the motion was reported to a directors' meeting for resolution.

Summary:

 - I. Independent Director Tu Mu Kuo acts as an independent director of Sunny Friend Environmental Technology Co., Ltd. concurrently. Independent Director Chuan Li Chang acts as an independent director of CUB ELECPARTS INC. concurrently. Therefore, both of them recused themselves from discussion and did not vote on the motion.
 - II. The chairperson in charge of discussion and voting of the motion was held by Independent Director Ching Shan Hung as a deputy.
3. Motion: For loaning of the securities issued by stakeholders or self-disciplined counterparts in order to meet the need for concurrent conduct of securities lending and securities trust lending.

Resolution: The motion was voted individually. (1) For Yuanta Financial Holdings and Yuanta Futures: Except Independent Director Ching Shan Hung, Independent Director Sou Shan Wu, and Independent Nai Kuan Huang, as stakeholders, recused themselves from the discussion and vote on the motion, the other directors approved the motion unanimously, and the motion was reported to a directors' meeting for resolution. (2) For the 75 funds including Taiwan 50 other than Yuanta Financial Holdings and Yuanta Futures, except Independent Director Tu Mu Kuo, Independent Director Kun Hong Lai, and Independent Director Chuan Li Chang who, as stakeholders, recused himself from the discussion and vote on the motion, the other directors approved the motion unanimously, and the motion was reported to a directors' meeting for resolution.

Summary:

 - I. Independent Director Tu Mu Kuo acts as an independent director of Sunny Friend Environmental Technology Co., Ltd. concurrently. Independent Director Ching Shan Hung and Independent Nai Kuan Huang act as independent directors of Yuanta Futures concurrently. Independent Director Sou Shan Wu acts as an independent director of Yuanta Financial Holdings concurrently. Independent Director Kun Hong Lai acts as an independent director of Foresee Pharmaceuticals Co., Ltd. concurrently. Independent Director Chuan Li Chang acts as an independent director of CUB ELECPARTS INC. concurrently. Therefore, all of them left the venue and recused themselves from the discussion and vote of the motion.
 - II. The chairperson in charge of discussion and did not vote on the motion for "the 75 funds including Taiwan 50 other than Yuanta Financial Holdings and Yuanta

Futures” was held by Independent Director Ching Shan Hung as a deputy.

(VIII) 2nd meeting of the 10th audit committee on June 18, 2019

1. Motion: To act as the underwriter or financial advisor of the common corporate bonds or financial bonds issued by stakeholders or self-disciplined counterparts and handle the recruitment of human resources.

Resolution: Except Independent Director Hsing Yi Chou and Independent Director Ching Shan Hung, as stakeholders, recused themselves from the discussion and vote on the motion, the other directors approved the motion unanimously, and the motion was reported to a directors’ meeting for resolution.

Summary:

- I. Independent Director Hsing Yi Chou acts as an independent director of Yuanta Financial Holdings concurrently. Independent Director Ching Shan Hung acts as an independent director of Yuanta Bank concurrently. Therefore, both left the venue and recused themselves from discussion and did not vote on the motion.
- II. The chairperson in charge of discussion and voting of the motion was held by Independent Director Tu Mu Kuo as a deputy.

2. Motion: For securities issued by the stakeholders and self-disciplined counterparts traded by Bond Division (including subscription, redemption and borrowing/lending), and the relating trading linked with them.

Resolution: Except Independent Director Hsing Yi Chou and Independent Director Ching Shan Hung, as stakeholders, recused themselves from the discussion and vote on the motion, the other directors approved the motion unanimously, and the motion was reported to a directors’ meeting for resolution.

Summary:

- I. Independent Director Hsing Yi Chou acts as an independent director of Yuanta Financial Holdings concurrently. Independent Director Ching Shan Hung acts as an independent director of Yuanta Bank concurrently. Therefore, both left the venue and recused themselves from discussion and did not vote on the motion.
- II. The chairperson in charge of discussion and voting of the motion was held by Independent Director Tu Mu Kuo as a deputy.

3. Motion: For loaning of the securities issued by stakeholders or self-disciplined counterparts in order to meet the need for concurrent conduct of securities lending and securities trust lending.

Resolution: The motion was voted individually. (1) For Yuanta Financial Holdings and Yuanta Futures: Except Independent Director Hsing Yi Chou, Independent Director Ching Shan Hung and Independent Nai Kuan Huang, as stakeholders, recused themselves from the discussion and voting on the motion, the other directors approved the motion unanimously, and the motion was reported to a directors’ meeting for resolution. (2) For the 80 funds including Taiwan 50 other than Yuanta Financial Holdings and Yuanta Futures, except Independent Director Tu Mu Kuo, Independent Director Kun Hong Lai, and Independent Director Yu Chun Wu who, as stakeholders, recused themselves from the discussion and voting on the motion, the other directors approved the motion unanimously, and the motion was reported to a directors’ meeting for resolution.

Summary:

- I. Independent Director Hsing Yi Chou acts as an independent director of Yuanta Financial Holdings concurrently. Independent Director Ching Shan Hung and Independent Director Nai Kuan Huang act as independent directors of Yuanta Futures concurrently. Independent Director Tu Mu Kuo acts as an independent director of Sunny Friend Environmental Technology Co., Ltd. concurrently.

Director Kun Hong Lai acts as an independent director of Foresee Pharmaceuticals Co., Ltd. concurrently. Independent Director Yu Chun Wu acts as an independent director of Taiwan Mask Corporation and Browave Corporation concurrently. Therefore, all of them left the venue and recused themselves from the discussion and did not vote on the motion.

- II. The chairperson in charge of discussion and did not vote on the motion for “the 80 funds including Taiwan 50 other than Yuanta Financial Holdings and Yuanta Futures” was held by Independent Director Tu Mu Kou as a deputy.

4. Motion: For termination of non-competition restriction imposed on the Company’s Independent Director Ching Shan Hung, Independent Director Nai Kuan Huang, Director Yueh Tsang Lee, and Director Wei Cheng Huang.

Resolution: Except Independent Director Ching Shan Hung and Independent Nai Kuan Huang, as stakeholders, recused themselves from the discussion and did not vote on the motion, the other directors approved the motion unanimously, and the motion was reported to a directors’ meeting for resolution.

Summary:

- I. Independent Director Ching Shan Hung and Independent Director Nai Kuan Huang act as independent directors of Yuanta Futures. Therefore, both left the venue and recused themselves from discussion and did not vote on the motion.
- II. The chairperson in charge of discussion and voting of the motion was held by Independent Director Tu Mu Kuo as a deputy.

(IX) 4th meeting of the 10th audit committee on July 16, 2019

1. Motion: For securities issued by the stakeholders and self-disciplined counterparts traded the performance of Quantitative Trading Dept. (including subscription, redemption and borrowing/lending), and the relating trading linked with them.

Resolution: Except Independent Director Hsing Yi Chou and Independent Director Tu Mu Kuo, as stakeholders, recused themselves from the discussion and did not vote on the motion, the other directors approved the motion unanimously, and the motion was reported to a directors’ meeting for resolution.

Summary: Independent Director Hsing Yi Chou acts as an independent director of JMO concurrently. Independent Director Tu Mu Kuo acts as an independent director of Sunny Friend Environmental Technology Co., Ltd. concurrently. Therefore, both left the venue and recused themselves from discussion and did not vote on the motion.

2. Motion: For securities issued by the stakeholders and self-disciplined counterparts traded by Financial Trading Dept. (including subscription, redemption and borrowing/lending), and the relating trading linked with them.

Resolution: Except Independent Director Hsing Yi Chou and Independent Director Yu Chun Wu, as stakeholders, recused themselves from the discussion and did not vote on the motion, the other directors approved the motion unanimously, and the motion was reported to a directors’ meeting for resolution.

Summary: Independent Director Hsing Yi Chou acts as an independent director of JMO concurrently. Independent Director Yu Chun Wu acted as the supervisor of Browave Corporation concurrently. Accordingly, both left the venue and recused themselves from discussion and did not vote on the motion.

3. Motion: For loaning of the securities issued by stakeholders or self-disciplined counterparts in order to meet the need for concurrent conduct of securities lending and securities trust lending.

Resolution: The motion was voted individually. (1) For Yuanta Financial Holdings, JMO and Yuanta Futures: Except Independent Director Hsing Yi Chou, Independent Director

Ching Shan Hung and Independent Nai Kuan Huang, as stakeholders, left the venue and recused themselves from the discussion and voting on the motion, the other directors approved the motion unanimously, and the motion was reported to a directors' meeting for resolution. (2) For the 83 funds including Taiwan 50 other than Yuanta Financial Holdings, JMO and Yuanta Futures, except Independent Director Tu Mu Kuo, Independent Director Kun Hong Lai, and Independent Director Yu Chun Wu who, as stakeholders, recused themselves from the discussion and voting on the motion, the other directors approved the motion unanimously, and the motion was reported to a directors' meeting for resolution.

Summary:

- I. Independent Director Hsing Yi Chou acts as an independent director of Yuanta Financial Holdings and JMO concurrently. Independent Director Ching Shan Hung and Independent Director Nai Kuan Huang act as independent directors of Yuanta Futures concurrently. Independent Director Tu Mu Kuo acts as an independent director of Sunny Friend Environmental Technology Co., Ltd. concurrently. Director Kun Hong Lai acts as an independent director of Foresee Pharmaceuticals Co., Ltd. concurrently. Independent Director Yu Chun Wu acts as an independent director of Taiwan Mask Corporation and Browave Corporation concurrently. Therefore, all of them left the venue and recused themselves from the discussion and did not vote on the motion.
- II. The chairperson in charge of discussion and did not vote on the motion for "the 83 funds including Taiwan 50 other than Yuanta Financial Holdings, JMO and Yuanta Futures" was held by Independent Director Tu Mu Kou as a deputy.

(X) 5th meeting of the 10th audit committee on August 20, 2019

Motion: For loaning of the securities issued by stakeholders or self-disciplined counterparts in order to meet the need for concurrent conduct of securities lending and securities trust lending.

Resolution: The motion was voted individually. (1) For Yuanta Financial Holdings, JMO and Yuanta Futures: Except Independent Director Hsing Yi Chou, Independent Director Ching Shan Hung and Independent Nai Kuan Huang, as stakeholders, left the venue and recused themselves from the discussion and voting on the motion, the other directors approved the motion unanimously, and the motion was reported to a directors' meeting for resolution. (2) For the 82 funds including Taiwan 50 other than Yuanta Financial Holdings, JMO and Yuanta Futures, except Independent Director Tu Mu Kuo, Independent Director Kun Hong Lai, and Independent Director Yu Chun Wu who, as stakeholders, recused themselves from the discussion and voting on the motion, the other directors approved the motion unanimously, and the motion was reported to a directors' meeting for resolution.

Summary:

- I. Independent Director Hsing Yi Chou acts as an independent director of Yuanta Financial Holdings and JMO concurrently. Independent Director Ching Shan Hung and Independent Director Nai Kuan Huang act as independent directors of Yuanta Futures concurrently. Independent Director Tu Mu Kuo acts as an independent director of Sunny Friend Environmental Technology Co., Ltd. concurrently. Director Kun Hong Lai acts as an independent director of Foresee Pharmaceuticals Co., Ltd. concurrently. Independent Director Yu Chun Wu acts as an independent director of Taiwan Mask Corporation and Browave Corporation concurrently. Therefore, all of them left the venue and recused themselves from the discussion and did not vote on the motion.
- II. The chairperson in charge of discussion and did not vote on the motion for "Yuanta Financial Holdings, JMO and Yuanta Futures" was held by Independent Director Tu Mu Kou as a deputy.

(XI) 6th meeting of the 10th audit committee on September 17, 2019

1. Motion: For securities issued by the stakeholders and self-disciplined counterparts traded by Bond Division (including subscription, redemption and borrowing/lending), and the relating trading linked with them.

Resolution: Except Independent Director Hsing Yi Chou and Independent Director Ching Shan Hung, as stakeholders, recused themselves from the discussion and voting on the motion, the other directors approved the motion unanimously, and the motion was reported to a directors' meeting for resolution.

Summary:

 - I. Independent Director Hsing Yi Chou acts as an independent director of Yuanta Financial Holdings concurrently. Independent Director Ching Shan Hung acts as an independent director of Yuanta Bank concurrently. Therefore, both left the venue and recused themselves from discussion and did not vote on the motion.
 - II. The chairperson in charge of discussion and voting of the motion was held by Independent Director Tu Mu Kuo as a deputy.
2. Motion: To act as the underwriter or financial advisor of the common corporate bonds or financial bonds issued by stakeholders or self-disciplined counterparts and handle the recruitment of human resources.

Resolution: Except Independent Director Hsing Yi Chou and Independent Director Ching Shan Hung, as stakeholders, recused themselves from the discussion and voting on the motion, the other directors approved the motion unanimously, and the motion was reported to a directors' meeting for resolution.

Summary:

 - I. Independent Director Hsing Yi Chou acts as an independent director of Yuanta Financial Holdings concurrently. Independent Director Ching Shan Hung acts as an independent director of Yuanta Bank concurrently. Therefore, both left the venue and recused themselves from discussion and did not vote on the motion.
 - II. The chairperson in charge of discussion and voting of the motion was held by Independent Director Tu Mu Kuo as a deputy.
3. Motion: For securities issued by the stakeholders and self-disciplined counterparts traded by Financial Trading Dept. (including subscription, redemption and borrowing/lending), and the relating trading linked with them.

Resolution: Except Independent Director Hsing Yi Chou, as a stakeholder, recused himself from the discussion and voting on the motion, and Independent Director Kun Hong Lai recused himself from the discussion and voting on behalf of Independent Director Yu Chun Wu, the other directors approved the motion unanimously, and the motion was reported to a directors' meeting for resolution.

Summary: Independent Director Hsing Yi Chou acts as an independent director of JMO concurrently. Therefore, he left the venue and recused himself from discussion and did not vote on the motion. Independent Director Yu Chun Wu represented by Independent Director Kun Hong Lai acted as the supervisor of Browave Corporation concurrently. Therefore, Independent Director Kun Hong Lai recused himself from the discussion and did not vote on the motion on behalf of Independent Director Yu Chun Wu.
4. Motion: For securities issued by the stakeholders and self-disciplined counterparts traded the performance of Quantitative Trading Dept. (including subscription, redemption and borrowing/lending), and the relating trading linked with them.

Resolution: Except Independent Director Hsing Yi Chou and Independent Director Tu Mu Kuo, as stakeholders, recused themselves from the discussion and voting on the motion, the

other directors approved the motion unanimously, and the motion was reported to a directors' meeting for resolution.

Summary: Independent Director Hsing Yi Chou acts as an independent director of JMO concurrently. Independent Director Tu Mu Kuo acts as an independent director of Sunny Friend Environmental Technology Co., Ltd. concurrently. Therefore, both left the venue and recused themselves from discussion and did not vote on the motion.

5. Motion: For loaning of the securities issued by stakeholders or self-disciplined counterparts in order to meet the need for concurrent conduct of securities lending and securities trust lending.

Resolution: The motion was voted individually. (1) For Yuanta Financial Holdings, JMO and Yuanta Futures: Except Independent Director Hsing Yi Chou, Independent Director Ching Shan Hung and Independent Nai Kuan Huang, as stakeholders, left the venue and recused themselves from the discussion and voting on the motion, the other directors approved the motion unanimously, and the motion was reported to a directors' meeting for resolution. (2) For the 81 funds including Taiwan 50 other than Yuanta Financial Holdings, JMO and Yuanta Futures, except Independent Director Tu Mu Kuo, as a stakeholder, recused himself from the discussion and voting on the motion, and Independent Director Kun Hong Lai, who represented Independent Director Yu Chun Wu, as a stakeholder, recused himself from the discussion and voting in person or on behalf Independent Director Yu Chun Wu, the other directors approved the motion unanimously, and the motion was reported to a directors' meeting for resolution.

Summary:

I. Independent Director Hsing Yi Chou acts as an independent director of Yuanta Financial Holdings and JMO concurrently. Independent Director Ching Shan Hung and Independent Director Nai Kuan Huang act as independent directors of Yuanta Futures concurrently. Independent Director Tu Mu Kuo acts as an independent director of Sunny Friend Environmental Technology Co., Ltd. concurrently. All of them left the venue and recused themselves from the discussion and did not vote on the motion. Director Kun Hong Lai acts as an independent director of Foresee Pharmaceuticals Co., Ltd. concurrently, and Independent Director Yu Chun Wu represented by him acted the independent director of Taiwan Mask Corporation and supervisor of Browave Corporation concurrently. Therefore, Independent Director Kun Hong Lai left the venue and recused himself from the discussion and did not vote on the motion.

II. The chairperson in charge of discussion and did not vote on the motion for "Yuanta Financial Holdings, JMO and Yuanta Futures" was held by Independent Director Tu Mu Kou as a deputy.

(XII) 7th meeting of the 10th audit committee on October 15, 2019

1. Motion: To execute the "Addendum" to the tri-party agreement with stakeholders including Yuanta International Insurance Brokers and related insurance companies.

Resolution: Except Independent Director Tu Mu Kuo, as a stakeholder, recused himself from the discussion and voting on the motion, the other directors approved the motion unanimously, and the motion was reported to a directors' meeting for resolution.

Summary: Independent Director Tu Mu Kuo acts as an independent director of Yuanta Life concurrently. Therefore, he left the venue and recused himself from discussion and voting of the mot

2. Motion: To act as the leading securities firm underwriting the "domestic 1st secured convertible corporate bond" issued by AOPEN for which Yuanta Bank serves as the guaranteeing institution.

Resolution: Except Independent Director Ching Shan Hung, as a stakeholder, recused himself from the discussion and voting on the motion, the other directors approved the motion

unanimously, and the motion was reported to a directors' meeting for resolution.

Summary:

- I. Independent Director Ching Shan Hung acts as an independent director of Yuanta Bank concurrently. Therefore, he left the venue and recused himself from discussion and did not vote on the motion.
- II. The chairperson in charge of discussion and voting of the motion was held by Independent Director Tu Mu Kuo as a deputy.

3. Motion: To act as the leading securities firm underwriting the "domestic secured convertible corporate bond" issued by CSBC Corporation, Taiwan for which Yuanta Bank serves as the guaranteeing institution.

Resolution: Except Independent Director Ching Shan Hung, as a stakeholder, recused himself from the discussion and voting on the motion, the other directors approved the motion unanimously, and the motion was reported to a directors' meeting for resolution.

Summary:

- I. Independent Director Ching Shan Hung acts as an independent director of Yuanta Bank concurrently. Therefore, he left the venue and recused himself from discussion and did not vote on the motion.
- II. The chairperson in charge of discussion and voting of the motion was held by Independent Director Tu Mu Kuo as a deputy.

4. Motion: For loaning of the securities issued by stakeholders or self-disciplined counterparts in order to meet the need for concurrent conduct of securities lending and securities trust lending.

Resolution: The motion was voted individually. (1) For Yuanta Financial Holdings, JMO and Yuanta Futures: Except Independent Director Hsing Yi Chou, Independent Director Ching Shan Hung and Independent Nai Kuan Huang, as stakeholders, left the venue and recused themselves from the discussion and voting on the motion, the other directors approved the motion unanimously, and the motion was reported to a directors' meeting for resolution. (2) For the 82 funds including Taiwan 50 other than Yuanta Financial Holdings, JMO and Yuanta Futures, except Independent Director Tu Mu Kuo, Independent Director Kun Hong Lai, and Independent Director Yu Chun Wu who, as stakeholders, recused themselves from the discussion and voting on the motion, the other directors approved the motion unanimously, and the motion was reported to a directors' meeting for resolution.

Summary:

- I. Independent Director Hsing Yi Chou acts as an independent director of Yuanta Financial Holdings and JMO concurrently. Independent Director Ching Shan Hung and Independent Director Nai Kuan Huang act as independent directors of Yuanta Futures concurrently. Independent Director Tu Mu Kuo acts as an independent director of Sunny Friend Environmental Technology Co., Ltd. concurrently. Director Kun Hong Lai acts as an independent director of Foresee Pharmaceuticals Co., Ltd. concurrently. Independent Director Yu Chun Wu acts as an independent director of Taiwan Mask Corporation and Browave Corporation concurrently. Therefore, all of them left the venue and recused themselves from the discussion and did not vote on the motion.
- II. The chairperson in charge of discussion and did not vote on the motion for "Yuanta Financial Holdings, JMO and Yuanta Futures" was held by Independent Director Tu Mu Kou as a deputy.

(XIII) 9th meeting of the 10th audit committee on November 19, 2019

Motion: For loaning of the securities issued by stakeholders or self-disciplined counterparts in

order to meet the need for concurrent conduct of securities lending and securities trust lending.

Resolution: The motion was voted individually. (1) For Yuanta Financial Holdings, JMO and Yuanta Futures: Except Independent Director Hsing Yi Chou, Independent Director Ching Shan Hung and Independent Nai Kuan Huang, as stakeholders, left the venue and recused themselves from the discussion and voting on the motion, the other directors approved the motion unanimously, and the motion was reported to a directors' meeting for resolution. (2) For the 84 funds including Taiwan 50 other than Yuanta Financial Holdings, JMO and Yuanta Futures, except Independent Director Tu Mu Kuo, Independent Director Kun Hong Lai, and Independent Director Yu Chun Wu who, as stakeholders, left the venue and recused themselves from the discussion and voting on the motion, the other directors approved the motion unanimously, and the motion was reported to a directors' meeting for resolution.

Summary:

- I. Independent Director Hsing Yi Chou acts as an independent director of Yuanta Financial Holdings and JMO concurrently. Independent Director Ching Shan Hung and Independent Director Nai Kuan Huang act as independent directors of Yuanta Futures concurrently. Independent Director Tu Mu Kuo acts as an independent director of Sunny Friend Environmental Technology Co., Ltd. concurrently. Director Kun Hong Lai acts as an independent director of Foresee Pharmaceuticals Co., Ltd. concurrently. Independent Director Yu Chun Wu acts as an independent director of Taiwan Mask Corporation and Browave Corporation concurrently. Therefore, all of them left the venue and recused themselves from the discussion and did not vote on the motion.
- II. The chairperson in charge of discussion and did not vote on the motion for "Yuanta Financial Holdings, JMO and Yuanta Futures" was held by Independent Director Tu Mu Kou as a deputy.

(XIV) 10th meeting of the 10th audit committee on December 17, 2019

1. Motion: To evaluate the renewal of the co-marketing agreement signed between the Company and the stakeholder, Yuanta Bank

Resolution: Except Independent Director Ching Shan Hung, as a stakeholder, recused himself from the discussion and voting on the motion, the other directors approved the motion unanimously, and the motion was reported to a directors' meeting for resolution.

Summary:

- I. Independent Director Ching Shan Hung acts as an independent director of Yuanta Bank concurrently. Therefore, he left the venue and recused himself from discussion and did not vote on the motion.
- II. The chairperson in charge of discussion and voting of the motion was held by Independent Director Tu Mu Kuo as a deputy.

2. Motion: To trade the common corporate bonds or financial bonds issued by stakeholders or the self-disciplined counterparts in the transactions with Bond Dept..

Resolution: Except Independent Director Hsing Yi Chou and Independent Director Ching Shan Hung, as stakeholders, recused themselves from the discussion and voting on the motion, the other directors approved the motion unanimously, and the motion was reported to a directors' meeting for resolution.

Summary:

- I. Independent Director Hsing Yi Chou acts as an independent director of Yuanta Financial Holdings concurrently. Independent Director Ching Shan Hung acts as an independent director of Yuanta Bank concurrently. Therefore, both left the venue and recused themselves from discussion and did not vote on the motion.

- II. The chairperson in charge of discussion and voting of the motion was held by Independent Director Tu Mu Kuo as a deputy.
3. Motion: To act as the underwriter or financial advisor of the common corporate bonds or financial bonds issued by stakeholders or self-disciplined counterparts and handle the recruitment of human resources.
- Resolution: Except Independent Director Hsing Yi Chou and Independent Director Ching Shan Hung, as stakeholders, recused themselves from the discussion and voting on the motion, the other directors approved the motion unanimously, and the motion was reported to a directors' meeting for resolution.
- Summary:
- I. Independent Director Hsing Yi Chou acts as an independent director of Yuanta Financial Holdings concurrently. Independent Director Ching Shan Hung acts as an independent director of Yuanta Bank concurrently. Therefore, both left the venue and recused themselves from discussion and did not vote on the motion.
- II. The chairperson in charge of discussion and voting of the motion was held by Independent Director Tu Mu Kuo as a deputy.
4. Motion: For securities issued by the stakeholders and self-disciplined counterparts traded by Financial Trading Dept. (including subscription, redemption and borrowing/lending), and the relating trading linked with them.
- Resolution: Except Independent Director Hsing Yi Chou and Independent Director Yu Chun Wu, as stakeholders, recused themselves from the discussion and voting on the motion, the other directors approved the motion unanimously, and the motion was reported to a directors' meeting for resolution.
- Summary: Independent Director Hsing Yi Chou acts as an independent director of JMO concurrently. Independent Director Yu Chun Wu acts as an independent director of Taiwan Mask Corporation and supervisor of Browave Corporation concurrently. Accordingly, all of them left the venue and recused themselves from discussion and did not vote on the motion.
5. Motion: For securities issued by the stakeholders and self-disciplined counterparts traded the performance of Quantitative Trading Dept. (including subscription, redemption and borrowing/lending), and the relating trading linked with them.
- Resolution: Except Independent Director Hsing Yi Chou and Independent Director Tu Mu Kuo, as stakeholders, recused themselves from the discussion and voting on the motion, the other directors approved the motion unanimously, and the motion was reported to a directors' meeting for resolution.
- Summary: Independent Director Hsing Yi Chou acts as an independent director of JMO concurrently. Independent Director Tu Mu Kuo acts as an independent director of Sunny Friend Environmental Technology Co., Ltd. concurrently. Therefore, both left the venue and recused themselves from discussion and did not vote on the motion.
6. Motion: For loaning of the securities issued by stakeholders or self-disciplined counterparts in order to meet the need for concurrent conduct of securities lending and securities trust lending.
- Resolution: The motion was voted individually. (1) For Yuanta Financial Holdings, JMO and Yuanta Futures: Except Independent Director Hsing Yi Chou, Independent Director Ching Shan Hung and Independent Nai Kuan Huang, as stakeholders, left the venue and recused themselves from the discussion and voting on the motion, the other directors approved the motion unanimously, and the motion was reported to a directors' meeting for resolution. (2) For the 86 funds including Taiwan 50 other than Yuanta Financial Holdings, JMO and Yuanta Futures, except Independent Director Tu Mu Kuo, Independent Director Kun Hong Lai, and Independent Director Yu Chun Wu who, as

stakeholders, left the venue and recused themselves from the discussion and voting on the motion, the other directors approved the motion unanimously, and the motion was reported to a directors' meeting for resolution.

Summary:

- I. Independent Director Hsing Yi Chou acts as an independent director of Yuanta Financial Holdings and JMO concurrently. Independent Director Ching Shan Hung and Independent Director Nai Kuan Huang act as independent directors of Yuanta Futures concurrently. Independent Director Tu Mu Kuo acts as an independent director of Sunny Friend Environmental Technology Co., Ltd. concurrently. Director Kun Hong Lai acts as an independent director of Foresee Pharmaceuticals Co., Ltd. concurrently. Independent Director Yu Chun Wu acts as an independent director of Taiwan Mask Corporation and Browave Corporation concurrently. Therefore, all of them left the venue and recused themselves from the discussion and did not vote on the motion.
- II. The chairperson in charge of discussion and did not vote on the motion for "Yuanta Financial Holdings, JMO and Yuanta Futures" was held by Independent Director Tu Mu Kou as a deputy.
- III. State of independent director communication with internal audit executive and certified public accountants (communication matters, methods, and results concerning corporate finances and business, etc.):
 - (I) Yuanta Securities established an Audit Committee on June 29, 2007. All independent directors serve as members of this committee, which meets regularly once each month. The certified public accountants, attorney, and audit executive are invited to attend as observers.
 - (II) The committee drafted "Audit Committee and Internal Audit Department Communication Process Guidelines" and "Communication Procedures for Audit Committee and Certified Public Accountants" on August 13, 2007; the committee shall meet with at least internal audit personnel and the certified public accountants once each year in the absence of management.
 - (III) This year (2019), the Audit Committee made monthly appraisals of the status of internal audit implementation, and monitored the implementation of the internal control system and annual internal audit plan, internal control issues and the state of improvement, internal control self-assessment results, internal control statements, and internal audit plans. The results were passed, and reported to the board for resolution.
 - (IV) The independent directors and certified public accountants held annual pre-financial statement audit and semiannual post-financial statement audit meetings in March and August, 2019, respectively, and reported the results to the Audit Committee for deliberation. The results were passed, and reported to the board for resolution. Post-financial statement review meetings for the first and third quarters were held in April and October respectively, and the results were reported to the Audit Committee.

Note 1: Actual attendance rate was calculated on the basis of the number of board audit committee held during each independent director's term and the number of meetings actually attended by that independent director.

2. Information about audit committee members

Data as of Jan. 31, 2020

Qualification Name	Over five years of experience and the following professional qualifications			Independence criteria (Note)												Serving as an independent director of another listed company
	University teaching in areas of commerce, law, finance, accounting or related corporate business	Working as a judge, attorney, lawyer, accountant or other positions that require professional certification	Work experience in commerce, law, finance, accounting or related corporate experiences	1	2	3	4	5	6	7	8	9	10	11	12	
Independent Director Ching-shan Hung		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Independent Director Yu-qun Wu			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Independent Director Tu-mu Kuo	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Independent Director Kun-hung Lai			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Independent Director Hsing-yi Chow	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1

Note : A “✓” is marked in the space beneath a condition number when a director has met that condition during the two years prior to election and during his or her period of service. The conditions are as follows

- (1) Not an employee of the company or an affiliate.
- (2) Not a director or a supervisor of the company or an affiliate (this restriction does not apply, however, when the person is an independent director of the company, its parent company, or a subsidiary in which the company directly and indirectly holds more than 50% of voting shares).
- (3) The director, or his or her spouse or minor child, does not hold, in his or her own name or in another name, more than 1% of the company's total outstanding shares, nor is one of the company's ten largest natural-person shareholders.
- (4) Not a spouse, relative within 2nd degree of kinship, or lineal relative by blood within 3rd degree of kinship or closer to the managers described in Item (1) or persons described in the Item (2) and Item (3).
- (5) Not a Director, Supervisor, or employee of any institutional shareholder that has 5% or higher of the total shares issued by the Company, or of top-5 institutional shareholders of the Company, or the institutional shareholders who appoint their representatives to serve as the Director or Supervisor of the Company in accordance with Paragraph 1 or Paragraph 2 of Article 27 of the Company Act (this restriction does not apply to independent director positions in the Company its parent company or subsidiary, or any subsidiary of the same parent company which have been appointed in accordance with the Act, or laws of the registered country).
- (6) Not a director, supervisor or employee of any company controlled by the same person that holds a majority of the directors or voting shares of the Company (this restriction does not apply to independent director positions in the Company, its parent company or subsidiary, which have been appointed in accordance with the Act, or laws of the registered country).
- (7) Not a director, supervisor, or employee of any company who is the same person as, or the spouse of, Chairman and President or equivalent of the Company (this restriction does not apply to independent director positions in the Company, its parent company or subsidiary, or any subsidiary of the same parent company which have been appointed in accordance with the Act, or laws of the registered country).
- (8) Not a director, supervisor, manager, or shareholder with more than 5% ownership interest in any companies or institutions that have financial or business relationship with the Company (this restriction does not apply to any specific company or organization which holds more than 20% but less than 50% of the total shares issued by the Company that is an independent director in the Company, its parent company or subsidiary, or any subsidiary of the same parent company who has been appointed in accordance with the Act, or laws of the registered country).
- (9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliated company of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliated company of the Company for which the provider in the past 2 years has received cumulative compensation not exceeding NT\$500,000, or a spouse thereof, provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Securities and Exchange Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
- (10) Is not the spouse or relative within the second degree of kinship of another director.
- (11) Standing does not match any of the scenarios described in Article 30 of the Company Act.
- (12) Was not elected as the shareholder representative for a government agency or legal person pursuant to Article 27 of the Company Act.

(III) Status of corporate governance

1. Status of corporate governance, any non-compliance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for such

Baseline date: Jan. 31, 2020

Item	Implementation Status			Non-compliance with Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies and the root causes
	Yes	No	Summary description	
I. Has the Company established and also disclosed its corporate governance best practice principles in accordance with the “Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies”?	V		<ol style="list-style-type: none"> 1. The Company's corporate governance best practice principles were established based on the “Corporate Governance Best Practice Principles for TWSE/GTSM Companies” and “Corporate Governance Best Practice Principles for Securities Firms”. The Company also operated its corporate governance in accordance with these Principles. 2. The Company’s corporate governance best practice principles are disclosed on the Company’s website, www.yuanta.com.tw, as required. 	Full compliance
II. Shareholding structure and shareholder rights				Full compliance
(I) Has the Company defined some internal operating procedure to deal with suggestions, questions, disputes and legal actions from shareholders, and implemented the procedure?	V		(I) This item is not applicable, since 100% shares of Yuanta Securities are owned by Yuanta Financial Holdings.	
(II) Whether the company has a roster of its major, actually controlling shareholders as well as controllers?	V		(II) Same as above.	
(III) Has the Company established or implemented the risk control and firewall mechanisms between the Company and its affiliates?	V		(III) Summary: A. Yuanta Securities and its affiliates independently conduct their finances and operations. B. Yuanta Securities conducts all transactions with its affiliates in line with the “Rules Governing Transactions with Interested Parties,” “the General Authorization Rules Governing Transactions Other than Credit Extension with Interested Parties as Listed in Article 45 of the Financial Holdings Company Act,” and “Regulations for Financial Transactions between Related Enterprises.”	
(IV) Has the Company established the	V		(IV) The Company’s internal control system “CM-15100 Undisclosed Internal Information	

Item	Implementation Status			Non-compliance with Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies and the root causes
	Yes	No	Summary description	
internal regulations to prohibit insiders from applying information undisclosed to the market in securities trading?			Control System” has expressly defined the approaches to separate business information and the restrictions on communication of undisclosed information in securities trading.	
III. Composition and responsibilities of the board of directors				Full compliance
(I) Has the board of directors has defined the diversified policies toward composition of the board members and implemented the policies?	V		(I) The Company’s board members are appointed by Yuanta Financial Holdings. Yuanta Financial Holdings would thinks about academic degree, work experience, and expertise of directors, and then appoint competent ones to assume the board members. Therefore, the composition of the board members is considered diversified.	
(II) Is the Company, in addition to establishing the remuneration committee and audit committee pursuant to laws, also willing to establish any other functional committees voluntarily?	V		(II) The committees established by the Company include Audit Committee and Remuneration Committee.	
(III) Has the Company established a set of policies and assessment tools to evaluate the Board’s performance, conducted the performance evaluation regularly at least on an annual basis, and submitted the performance evaluation result to the Board and applied the same as reference for remuneration to individual directors and nomination?	V		(III) The Company adopted the regulations governing self-assessment on the Audit Committee in August 2007, and adopted the Regulations Governing Self-Assessment on Directors and Board of Directors in August 2011. Meanwhile, the Company will assess the performance of the Board of Directors precisely on a yearly basis. In response to the overall planning by Yuanta Financial Holdings, in November 2016, the Company adopted the Regulations Governing Appraisal on Performance of the Board of Directors and Functional Committees. Meanwhile, the Company will conduct the internal performance assessment on the Board of Directors, directors and functional committees on a yearly basis, and the external performance assessment on the Board of Directors per three years. The relevant assessment results will be reported to the Board of Directors. The salary and remuneration to the Company’s independent directors is paid in accordance with Article 18 of the Company’s “Articles of Incorporation. The directors’ transportation allowance and conference attendance fees are paid in accordance with Article 22 of the Company’s “Articles of Incorporation,” and “Regulations Governing Payment of Directors’ Transportation Allowance and Conference Attendance Fees.” Further, as the Company is a company limited by shares organized by a single institutional shareholder, the provisions about shareholders’ meeting shall not apply to the Company. The Company’s directors	

Item	Implementation Status			Non-compliance with Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies and the root causes
	Yes	No	Summary description	
(IV) Whether the Company has regular evaluation of independence of Certified Public Accountants?	V		<p>and independent directors should be appointed by Yuanta Financial Holdings pursuant to laws.</p> <p>(IV) A. At least once each year the company's Internal Audit Department reviews the independent nature of accountants in accordance with Gazette 10 of the Code of Ethics for Certified Public Accountants. Together with related statements from the accountants, the review is submitted to the Audit Committee and the board of directors for evaluation.</p> <p>B. Yuanta Securities further determined the Communication Procedures for Audit Committee and Certified Public Accountants to serve as a basis for assessing interaction, communication, and evaluation between the Audit Committee and Certified Public Accountants.</p>	
IV. Whether the Company assigns the adequate number of competent corporate governance officers, and appoints the chief corporate governance officer responsible for the corporate governance affairs (including but not limited to, providing directors/supervisors with the information needed to perform their duties, helping directors/supervisors with compliance, organization of the Board of Directors meetings and shareholders' meetings, and preparation of board meeting and shareholders' meeting minutes, et al.)?	V		<p>1. The Company's Chief Corporate Governance Officer: Executive Vice President Lawrence Lee. Article 8 of the Company's Articles of Association expressly defines the functions of various departments (offices) and branches. Among the other things, Corporate Planning Department is responsible for promoting the corporate governance operations. Secretariat of the Board of Directors is responsible for processing the affairs related to the Board of Directors, Audit Committee, and other functional committees subordinated to the Board of Directors.</p> <p>2. The Company refers to a company limited by shares organized by one corporate shareholder. According to the Company Law and Financial Holdings Company Act, functions of the Company's shareholders' meeting shall be exercised by the board of directors instead. Therefore, the relevant rules about shareholders' meetings shall not apply to the Company.</p>	Full compliance

Item	Implementation Status			Non-compliance with Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies and the root causes
	Yes	No	Summary description	
V. Has the Company established communication channels with stakeholders (including but not limited to, shareholders, employees, customers and suppliers, et al.) and set up the stakeholder area on the Company's website, and also respond to the important corporate social responsibility issue concerned by stakeholders in a timely manner?	V		<p>1.The company's communication with interested parties shall consist of direct contact conducted by personnel from the Corporate Planning Department, Financial Department, Channel Business Department, and other relevant units in accordance with the attributes of the matters concerning the interested party in question; the Legal Department shall assist in resolving any legal disputes that may arise.</p> <p>2.On Aug. 21, 2007, Yuanta Securities has determined Regulations Governing Interested Parties' Recommendations and Complaints for the Audit Committee, and has established E-mail addresses on Yuanta Securities' internal and external web sites to serve as means by which interested parties can communicate their opinions and other relevant information to the members of the Audit Committee.</p>	Full compliance
VI. Has the Company appointed a professional stock transfer agent to process the affairs related to shareholders' meetings?	V		Not applicable, because the Company is a subsidiary wholly owned by Yuanta Financial Holdings and the board of directors is in lieu of shareholders' meeting.	Full compliance
VII. Information disclosure (I) Whether the corporate website has been established for disclosing information on the company's finances, business, and corporate governance status? (II) Whether the Company has adopted the other forms of information disclosure (such as English website, designating professionals to collect and disclose information, establishing a spokesperson system, posting investor conference proceedings on the company website)?	V V		<p>(I) The "About Yuanta" section on the company web site: www.yuanta.com.tw provides information concerning company finances, business, corporate governance, and other major relevant matters.</p> <p>(II) A. Relevant units of Yuanta Securities have completed all information reporting and disclosure work within the prescribed periods as required by relevant regulations and the competent authority. B. Yuanta Financial Holdings established an English section of the company web site (http://www.yuanta.com/english/) to enable foreign investors and institutional customers to access information concerning Yuanta Securities. C. Yuanta Securities has established spokespersons: The chief and deputy spokespersons are Executive Vice President Ming-lang Liu and Senior Vice President Cheng-hua Sun, respectively. The spokespersons are responsible for announcing information externally in accordance with Yuanta Securities' policies and needs. D. Placement of investor conference proceedings on the corporate website: not applicable.</p>	Full compliance

Item	Implementation Status			Non-compliance with Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies and the root causes
	Yes	No	Summary description	
(III) Whether the Company announces and reports the annual financial report within two months at the end of each fiscal year, and the financial report for Q1, Q2, and Q3 and monthly operation overview before the prescribed time limit?	V		(III) The Company has announced and reported the quarterly/annual financial reports and monthly operation overview for 2019 within the prescribed time limit. The financial reports for Q1, Q2, and Q3 of 2019 and the annual financial report were already announced and reported on May 14, 2019, August 28, 2019, November 11, 2019, and March 23, 2020.	(III) The Company is held operating according to the existing laws and regulations.
VIII. Whether the Company has the other important information facilitating understanding of the functioning of corporate governance (including but not limited to the state of employees' rights and interests, concern for employees, investor relations, vendor relations, rights of interested parties, continuing education of directors and supervisors, implementation of risk management policy and risk assessment criteria, implementation of customer policy, and liability insurance purchased by the company for directors and supervisors)?	V		<ol style="list-style-type: none"> 1. Yuanta Securities has included a dedicated section "Respect for Investors and Interested Parties" in its rules of corporate governance practice to guide day-to-day operations. 2. Yuanta Securities had established the "Regulations Governing Interested Parties' Recommendations and Complaints for the Audit Committee" on August 21, 2007 and has set up e-mail addresses on Yuanta Securities' internal and external web sites to enable interested parties to express their opinions to the Audit Committee and provide channels for communicating information. 3. Continuing education of directors and supervisors: Please see the attached table in the annual report. 4. Implementation of risk management policy and risk assessment criteria: <ol style="list-style-type: none"> (1) Yuanta Securities has established a Risk Management Department, directly subordinate to the board of directors and acting under the supervision of the Audit Committee. (2) Addressing different types of risk and operation, Yuanta Securities has determined risk management mechanisms and implementation plans consistent with its operating strategies, capital structure, and market situations. Yuanta Securities has also established a risk management information system facilitating the implementation of overall risk management and effectively controlling risk associated with Yuanta Securities' operations. (3) The Company makes an annual assessment of existing and potential risks as well as the disclosure status of value at risk limits and qualitative information related to risk management; each month an appraisal is made of risk management implementation and a report is filed to serve as reference for risk management and improvement. (4) Yuanta Securities has further established the Communication Procedures for the Audit Committee and Risk Management Department to provide a basis for day-to-day communication, interaction, and evaluation between the Audit Committee and Risk Management Department. 	Full compliance

Item	Implementation Status			Non-compliance with Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies and the root causes
	Yes	No	Summary description	
			<p>5. Customer policy implementation: Yuanta Securities has established the following channels in order to protect investors' rights and interests and prevent illegal circumstances from damaging customers' rights and interests, and Yuanta Securities' corporate image:</p> <p>(1) Yuanta Securities has established a customer service center exclusively responsible for resolving customers' problems. If a customer complaint occurs, the customer service center shall notify the relevant authorized or responsible unit, which shall resolve the problem within a prescribed period of time. To ensure the protection of customers' rights and interests, customer service results are reviewed at irregular intervals.</p> <p>(2) The parent company and its subsidiaries have all designated audit personnel responsible for constantly monitoring the trading situations of trading personnel in accordance with relevant audit guidelines. To prevent fraud on the part of trading personnel and the occurrence of trading disputes, various measures are in effect, including the recording of telephone communications between trading personnel and customers.</p> <p>(3) On August 21, 2007 the company's Board of Directors approved Regulations Governing Interested Parties' Recommendations and Complaints for the Audit Committee, and established e-mail addresses on Yuanta Securities' internal and external web sites to serve as means by which clients and investors can communicate their opinions and other relevant information to the members of the Audit Committee.</p> <p>(4) The Company has had the "Fair Dealing Principles Improvement Plan" and "Regulations Governing Promotion and Management of Fair Dealing Principles" passed by the Board of Directors on November 28, 2019. Meanwhile, the Company established the Fair Dealing Principles Promotion Committee to construct the management mechanism for promotion of the fair dealing principles and practice the implementation of the fair dealing principles.</p> <p>6. Purchase of liability insurance by the company for directors and supervisors: The parent financial holding company has purchased insurance policies.</p>	
<p>IX. Please specify the status of correction based on the corporate governance assessment report released by the Corporate Governance Center of TWSE in the most recent year, and the priority corrective actions and measures against the remaining deficiencies. (Not required, if the Company was not included into the evaluation.)</p> <p>Not applicable, as the Company was not a listed or OTC company and was not included to the evaluation.</p>				

2. Status of continuing education of directors

Date from Jan. 01, 2019 to Dec. 31, 2019

* Represents “No learning certificate available” and exclusion from the annual continuing education hours.

* stands for the exclusion from the annual continuing education hours.

Number	Title	Name	Date of appointment	Start of continuing education (YYYY/MM/DD)	End of continuing education (YYYY/MM/DD)	Name	Class name	Hours of continuing education	Total Hours of continuing education
1	Chairman	Hsiu-wei (Vincent) Chen	2019/06/01	2019/07/11	2019/07/11	Taiwan Securities Association	Money Laundering Control Requirements and Latest Development	3	6
				2019/09/03	2019/09/03	Taiwan Securities Association	Spear and Shield for Development of Digital Finance	3	
2	Vice Chairman	Ming-hong(Ted) Ho	2019/06/01	2019/08/05	2019/08/05	Taiwan Securities Association	Case Study on AML and Prevention of Insider Trading	3	6
				2019/10/02	2019/10/02	Taiwan Securities Association	Corporate Governance - Taiwan Capital Market Development and Effect & Vision of Investment in Taiwan by Overseas Taiwanese Companies Returning Home	3	
3	Director	Ting-chien (Tony) Shen	2019/06/01	2019/05/24	2019/05/24	Taiwan Securities Association	Financial Industry Sustainability Strategy and Way for Yuanta Financial Holdings to Enroll in Dow Jones Sustainability Index (DJSI)	3	6
				2019/07/11	2019/07/11	Taiwan Securities Association	Money Laundering Control Requirements and Latest Development	3	
4	Director	Wei-cheng (Bobby) Hwang	2019/06/01	2019/05/24	2019/05/24	Taiwan Securities Association	Financial Industry Sustainability Strategy and Way for Yuanta Financial Holdings to Enroll in Dow Jones Sustainability Index (DJSI)	3	12
				2019/07/11	2019/07/11	Taiwan Securities Association	Money Laundering Control Requirements and Latest Development	3	
				2019/08/05	2019/08/05	Taiwan Securities Association	Case Study on AML and Prevention of Insider Trading	3	
				2019/09/03	2019/09/03	Taiwan Securities Association	Spear and Shield for Development of Digital Finance	3	
5	Director	Ku-pin Huang	2019/06/01	2019/05/24	2019/05/24	Taiwan Securities Association	Financial Industry Sustainability Strategy and Way for Yuanta Financial Holdings to Enroll in Dow Jones Sustainability Index (DJSI)	3	6
				2019/07/11	2019/07/11	Taiwan Securities Association	Money Laundering Control Requirements and Latest Development	3	

Number	Title	Name	Date of appointment	Start of continuing education (YYYY/MM/DD)	End of continuing education (YYYY/MM/DD)	Name	Class name	Hours of continuing education	Total Hours of continuing education
6	Director	Yueng-lin Ma	2019/06/01	2019/10/29	2019/10/29	Taiwan Corporate Governance Association	Criminal Legal Risk of Enterprises' Directors/Supervisors and Responsive Measures - from corporate fraud and money laundering prevention	3	6
				2019/11/27	2019/11/27	Taiwan Corporate Governance Association	[Summit] 15 th Term Corporate Governance International Summit Forum - Directors' Obligation to Report Financial Information, Active Role Played by Global Institutional Investor in Enhanced Corporate Governance Ecosystem, and Citation of Business Judgment Rule (Morning Session)	3	
7	Director	Yueh-tsang Lee	2019/06/01	2019/05/24	2019/05/24	Taiwan Securities Association	Financial Industry Sustainability Strategy and Way for Yuanta Financial Holdings to Enroll in Dow Jones Sustainability Index (DJSI)	3	9
				2019/07/11	2019/07/11	Taiwan Securities Association	Money Laundering Control Requirements and Latest Development	3	
				2019/10/03	2019/10/03	Taiwan Securities Association	Introduction and Response to Financial Consumer Protection Act (Fair Dealing)	3	
8	Director	Yow-chih Huang	2019/06/01	2019/05/24	2019/05/24	Taiwan Securities Association	Financial Industry Sustainability Strategy and Way for Yuanta Financial Holdings to Enroll in Dow Jones Sustainability Index (DJSI)	3	6
				2019/07/11	2019/07/11	Taiwan Securities Association	Money Laundering Control Requirements and Latest Development	3	
9	Director	Ching-kuang Shen	2019/06/01	2019/08/05	2019/08/05	Taiwan Securities Association	Case Study on AML and Prevention of Insider Trading	3	6
				2019/08/28	2019/08/28	Taiwan Corporate Governance Association	Study on Operation of Board of Directors/Remuneration Committee and Remuneration to Directors/Supervisors	3	
10	Director	Lung-fan Lin	2019/06/01	2019/05/24	2019/05/24	Taiwan Securities Association	Financial Industry Sustainability Strategy and Way for Yuanta Financial Holdings to Enroll in Dow Jones Sustainability Index (DJSI)	3	6
				2019/07/11	2019/07/11	Taiwan Securities Association	Money Laundering Control Requirements and Latest Development	3	
11	Director	Jui-chen Ma	2019/06/01	2019/05/24	2019/05/24	Taiwan Securities Association	Financial Industry Sustainability Strategy and Way for Yuanta Financial Holdings to Enroll in Dow Jones Sustainability Index (DJSI)	3	6
				2019/07/11	2019/07/11	Taiwan Securities Association	Money Laundering Control Requirements and Latest Development	3	

Number	Title	Name	Date of appointment	Start of continuing education (YYYY/MM/DD)	End of continuing education (YYYY/MM/DD)	Name	Class name	Hours of continuing education	Total Hours of continuing education
12	Director	Yong-zhi Su	2019/11/01	2019/11/18	2019/11/18	Taiwan Securities Association	Domestic and foreign laws & regulations on anti-money laundering/countering of terrorism financing, and risk trend and profile	3	15
				2019/11/26	2019/11/27	Securities and Futures Institute	Directors/Supervisors (including independent directors) and Chief Corporate Governance Officer Workshop	12	
13	Independent Director	Ching-shan Hung	2019/06/01	2019/05/24	2019/05/24	Taiwan Securities Association	Financial Industry Sustainability Strategy and Way for Yuanta Financial Holdings to Enroll in Dow Jones Sustainability Index (DJSI)	3	15
				2019/07/11	2019/07/11	Taiwan Securities Association	Money Laundering Control Requirements and Latest Development	3	
				2019/08/05	2019/08/05	Taiwan Securities Association	Case Study on AML and Prevention of Insider Trading	3	
				2019/09/03	2019/09/03	Taiwan Securities Association	Spear and Shield for Development of Digital Finance	3	
				2019/10/03	2019/10/03	Taiwan Securities Association	Introduction and Response to Financial Consumer Protection Act (Fair Dealing)	3	
14	Independent Director	Yu-qun Wu	2019/06/01	2019/05/02	2019/05/02	Taiwan Corporate Governance Association	Reformation and New Possibility of Company Limited by Shares Upon Amendments to the Company Act	3	15
				2019/05/02	2019/05/02	Taiwan Corporate Governance Association	Case Study on Insider Trading	3	
				2019/08/05	2019/08/05	Taiwan Securities Association	Case Study on AML and Prevention of Insider Trading	3	
				2019/08/07	2019/08/07	Securities and Futures Institute	Sharing of M&A Practices - Hostile Merger-Themed	3	
				2019/11/06	2019/11/06	Securities and Futures Institute	Sharing of Guiding Cases About Ethical Management Best Practice Principles and Human Right Protection Policy	3	

Number	Title	Name	Date of appointment	Start of continuing education (YYYY/MM/DD)	End of continuing education (YYYY/MM/DD)	Name	Class name	Hours of continuing education	Total Hours of continuing education
15	Independent Director	Tu-mu Kuo	2019/06/01	2019/04/26	2019/04/26	Securities and Futures Institute	2019 Insider Trading Prevention Presentation Conference	3	18
				2019/05/24	2019/05/24	Taiwan Securities Association	Financial Industry Sustainability Strategy and Way for Yuanta Financial Holdings to Enroll in Dow Jones Sustainability Index (DJSI)	3	
				2019/07/11	2019/07/11	Taiwan Securities Association	Money Laundering Control Requirements and Latest Development	3	
				2019/08/05	2019/08/05	Taiwan Securities Association	Case Study on AML and Prevention of Insider Trading	3	
				2019/09/03	2019/09/03	Taiwan Securities Association	Spear and Shield for Development of Digital Finance	3	
				2019/10/03	2019/10/03	Taiwan Securities Association	Introduction and Response to Financial Consumer Protection Act (Fair Dealing)	3	
16	Independent Director	Kun-hung Lai	2019/06/01	2019/05/07	2019/05/07	Taiwan Stock Exchange Corporation	ESG Investment Promotion Forum	3	12
				2019/07/11	2019/07/11	Taiwan Securities Association	Money Laundering Control Requirements and Latest Development	3	
				2019/08/05	2019/08/05	Taiwan Securities Association	Case Study on AML and Prevention of Insider Trading	3	
				2019/11/06	2019/11/06	Taiwan Stock Exchange Corporation	Presentation Conference for Effective Performance of Directors' Functions	3	
17	Independent Director	Hsing-yi Chow	2019/06/01	2019/07/11	2019/07/11	Taiwan Securities Association	Money Laundering Control Requirements and Latest Development	3	12
				2019/07/29	2019/07/29	Taiwan Corporate Governance Association	Insider Trading Prevention	3	
				2019/07/29	2019/07/29	Taiwan Corporate Governance Association	Corporate Governance Propagation	3	
				2019/07/31	2019/07/31	Securities and Futures Institute	2019 TWSE-Listed and Non-TWSE/TPEX-Listed Companies' Insider Equity Trading Legal Compliance Presentation	3	

(IV) Establishment of Remuneration Committee: On September 30, 2010, the Company's board of directors approved the establishment of the "Compensation Committee" (the board of directors approved the name change into "Remuneration Committee" on February 23, 2017) and "Articles of Association" thereof. The Committee consists of four independent directors. The Company's Remuneration Committee shall perform the following functions honestly with due diligence, and submit their motions to the board of directors for discussion:

(1) Determine and periodically review the Performance Evaluation on the Company's directors and managers, and remuneration policy, system, standard and structure;

(2) Periodically evaluate and determine the Company's remuneration to directors and managers.

1. Information about Remuneration committee members

Data baseline date: Jan. 31, 2020

Position Title (Note 1)	Qualification	Has at least five years of relevant working experience and the following professional qualifications			Compliance of independence (Note 2)										Number of positions as a Remuneration Committee Member in other public listed companies	Remarks
		Lecturer (or above) of commerce, law, finance, accounting, or any subject relevant to the company's operations in a public or private tertiary institution	Certified judge, attorney, lawyer, accountant, or holder of professional qualification relevant to the company's operations	Commercial, legal, financial, accounting or other work experience required to perform the assigned duties	1	2	3	4	5	6	7	8	9	10		
Independent Director	Yu-qun Wu			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2	
Independent Director	Ching-shan Hung		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	
Independent Director	Tu-mu Kuo	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2	
Independent Director	Kun-hung Lai			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	
Independent Director	Hsing-yi Chow	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	

Note 1: Please specify director, independent director or others.

Note 2: A "✓" is marked in the space beneath a condition number when a member has met that condition during the two years prior to election and during his or her period of service; the conditions are as follows:

- (1) Not an employee of the company or an affiliate.
- (2) Not a director or supervisor of the company or an affiliate. However, when the person is an independent director of the company, its parent company, or a subsidiary in which the company directly and indirectly holds more than 50% of voting shares, this restriction does not apply.
- (3) The director, or his or her spouse or minor child, does not hold, in his or her own name or in another name, more than 1% of the company's total outstanding shares, nor is one of the company's ten largest natural-person shareholders.
- (4) Not a spouse, relative within 2nd degree of kinship, or lineal relative by blood within 3rd degree of kinship or closer to the managers described in Item (1) or persons described in the Item (2) and Item (3).
- (5) Not a Director, Supervisor, or employee of any institutional shareholder that has 5% or higher of the total shares issued by the Company, or of top-5 institutional shareholders of the Company, or the institutional shareholders who appoint their representatives to serve as the Director or Supervisor of the Company in accordance with Paragraph 1 or Paragraph 2 of Article 27 of the Company Act (this restriction does not apply to independent director positions in the Company its parent company or subsidiary, or any subsidiary of the same parent company which have been appointed in accordance with the Act, or laws of the registered country).
- (6) Not a director, supervisor or employee of any company controlled by the same person that holds a majority of the directors or voting shares of the Company (this restriction does not apply to independent director positions in the Company, its parent company or subsidiary, which have been appointed in accordance with the Act, or laws of the registered country).
- (7) Not a director, supervisor or employee of any company who is the same person as, or the spouse of, Chairman and President or equivalent of the Company (this restriction does not apply to independent director positions in the Company, its parent company or subsidiary, or any subsidiary of the same parent company which have been appointed in accordance with the Act, or laws of the registered country).
- (8) Not a director, supervisor, manager, or shareholder with more than 5% ownership interest in any companies or institutions that have financial or business relationship with the Company (this restriction does not apply to any specific company or organization which holds more than 20% but less than 50% of the total shares issued by the Company that is an independent director in the Company, its parent company or subsidiary, or any subsidiary of the same parent company who has been appointed in accordance with the Act, or laws of the registered country).
- (9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliated company of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliated company of the Company for which the provider in the past 2 years has received cumulative compensation not exceeding NT\$500,000, or a spouse thereof, provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Securities and Exchange Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
- (10) Is not a person of the conditions specified in any of the subparagraphs of Article 30 of the Company Act.

2. Information concerning the Remuneration committee

- (1) The Company's remuneration committee consists of 5 members.
- (2) Member's term of office: from June 1, 2019 to May 31, 2022; the committee held 11 (A) meetings during 2019, and the attendance of the committee members is summarized as follows:

Title	Name	Actual attendance (B)	Attendance by proxy	Actual attendance rate (%) 【 B / A 】	Remarks
Convenor	Yu-qun Wu	5	1	83.3%	Appointed on 2019/06/01, 6 meetings held during tenure.
Member	Ching-shan Hung	11	0	100%	Re-elected on June 1, 2019
Member	Tu-mu Kuo	10	1	90.9%	Re-elected on June 1, 2019
Member	Kun-hung Lai	11	0	100%	Re-elected on June 1, 2019
Member	Hsing-yi Chow	6	0	100%	Appointed on 2019/06/01, 6 meetings held during tenure.
Former Convenor	Nai-kuan Huang	11	0	100%	Re-elected on June 1, 2019, and has resigned on Dec. 30, 2019, and 11 meetings held during tenure.
Former Member	Sou-shan Wu	5	0	100%	Discharged upon expiration of the term of office on December 30, 2019, a total of 5 meetings held during the term of office.
Former Member	Chuang-li Chang	5	0	100%	Discharged upon expiration of the term of office on December 30, 2019, a total of 5 meetings held during the term of office.
<p>Other items to be stated: None</p> <p>I. If the board of directors does not adopt, or amends, the remuneration committee's suggestions, please specify the meeting date, term, contents of motion, resolution of the board of directors, and the company's handling of the remuneration committee's opinions (if the remuneration approved by the board of directors is superior than that suggested by the remuneration committee, please specify the deviation and reason).</p> <p>II. For resolution(s) made by the remuneration committee with the committee members voicing opposing or qualified opinions on the record or in writing, please state the meeting date, term, contents of motion, opinions of all members and the company's handling of the said opinions.</p>					

Note:

- (1) Where a remuneration committee member may be relieved from duties before the end of the fiscal year, specify the date of discharge in the "Remark" section. Actual attendance rate (%) was calculated on the basis of the number of committee meetings held during each director's term and the number of meetings actually attended by that member.
- (2) Where a reelection may be held for filling the vacancies of remuneration committee member before the end of the fiscal year, list out both the new and the discharged members, and specify if they are the former, or newly elected, re-elected members and the date of the reelection in the "Remark" section. Actual attendance rate (%) was calculated on the basis of the number of meetings held by the remuneration committee during each member's term and the number of meetings actually attended by that member.

(V)Implementation of Social Responsibility

Item	Implementation Status			Non-compliance with Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies and the root causes
	Yes	No	Summary description	
1. Whether the Company conducts the risk assessment on the environment, society and corporate governance issues related to the Company's operation and adopts related risk management policies or strategies?	V		Yuanta Securities is a subsidiary of Yuanta Financial Holdings and, as such, is bound by Yuanta Financial Holding's "Corporate Social Responsibility Code of Practice" and "Corporate Social Responsibility Policies and Management Regulations," which are implemented as follows: A. Yuanta Financial Holdings has included the issue about climate change into the corporate governance and business strategies as an important part, and also considered structuring with the sustainability performance and reward mechanism, to demonstrate the determination to boost the sustainability. Now we are improving the methods to identify and manage the climate-related risks and opportunities, and adopting and implementing responsive strategies to create the ability to complete the low-carbon transformation inside the Company and among customers, so as to make contributions to the development of the global green economy. Yuanta supports the Task Force on Climate-Related Financial Disclosures (TCFD) actively and discloses progress and results for this year per the framework recommended by TCFD. B. Yuanta Financial Holdings assesses the impact posed to the Company by the issues about environment, society and corporate governance, and identifies the materiality of the risks and opportunities resulting from these issues. Meanwhile, the Company sets the management policies toward the material issues as identified (including policy, commitment, goal, management and assessment mechanism), and manage the risk and opportunity about the ESG issue through identification of material issues.	Full compliance
2. Does the Company have a specific (or part-time) unit set up to promote corporate social responsibility, have the management authorized by the Board of Directors to handle matters and report the processing results to the Board of Directors?	V		The Company is one of Yuanta Financial Holdings members. Therefore, the Company's corporate social responsibility operations are executed in line with the overall planning by Yuanta Financial Holdings. Yuanta Financial Holdings establishes the Corporate Sustainability Committee subordinated to the Board of Directors, and the Corporate Social Responsibility Promotion Center, which governs the General Affairs Team, Social Participation Team, Environmental Sustainability Team, Employee Care Team, Customer Care Team, Green Business Team and Corporate Governance Team. As an <i>ex officio</i> team member, the Company attends the various teams' meetings and promotes the relevant affairs periodically, and attends the routine meeting held by the Corporate Social Responsibility Promotion Center. The related meeting minute and resolution are reported at the Company's premises. The annual implementation of social responsibility is also reported to the Board of Directors in response to the results of the overall planning by Yuanta Financial Holdings annually.	Full compliance
3. Environmental issues (I) Has the Company established environmental policies suitable for the Company's industrial characteristics?	V		(I) In response to the planning by Yuanta Financial Holdings, the Company establishes the environmental management system applicable to the finance industry in accordance with the ISO 14001 environmental management system standards, and acquired the BSI certification. Meanwhile, the Company also delivered the ISO 14064-1 Greenhouse Gas Investigation	Full compliance

Item	Implementation Status			Non-compliance with Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies and the root causes
	Yes	No	Summary description	
			<p>System into its nine subsidiaries extensively in three steps. The Group's 324 business locations throughout Taiwan received ISO14064-1 Greenhouse Gas Investigation System Certification, with the cover rate of inspection attaining 100%, and passed the BSI certification in March 2018. Meanwhile, the subsidiaries dedicated to banking, securities, investment trust and securities finance have introduced the ISO 50001 energy management system, and also received the BSI certification. The on-going environmental management is stated as following:</p> <p>A. Environmental policies were drafted or amended per the Company's operating policies, assessment result considered in terms of important environment or the management review resolution.</p> <p>B. Fulfill the "Corporate Social Responsibility", and establish the Energy and Climate Transformation Management Policy in order to deal with such issues as shortage of international energy and climate transformation and include sustainable operation into the Company's management and operation.</p> <p>C. The company set internal management rules for indoor air conditioning temperature in office that follow Taipei City Government's Self-Government Regulations Governing Energy Saving and Carbon Reduction of Industrial and Commercial Business.</p> <p>D. Review the result about consumption of such energy as water and electricity, on a year basis, in order to realize water conservation, energy conservation, carbon and greenhouse gas reduction.</p> <p>E. Draft the environmental objective and action plans, set the manners in which various departments should set the objectives, and establish the plan to achieve the environmental objectives.</p> <p>F. Smoking is completely prohibited inside our offices. Smokers must use designated outdoor places. In order to meet regulations we regularly carry out disinfection, rodent and insect control.</p> <p>G. The building's management committee has responsibility for environmental management and preservation. Details are provided as following:</p> <p>a. Global warming results in increasing frequencies of extreme climate change and thereby renders a threat to the infrastructure of the financial market. Yuanta Financial Holdings and the Company not only pays close attention to the effect caused by changes of climate to operating activities, but also applies multiple tangible safety prevention measures against the risks of such changes in climate, including maintenance of fire insurance and additional insurance against the Company's own assets and electronic insurance against information equipment, installation of watertight gates, and periodic maintenance of fire protection, monitoring and back-up supporting equipment, in order to control contingent climate risk and reduce the loss of the Company's operation and equipment.</p>	

Item	Implementation Status			Non-compliance with Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies and the root causes
	Yes	No	Summary description	
(II) Does the Company endeavor to upgrade the efficient use of available resources,	V		<p>b. Yuanta Financial Holdings and the Company is a financial service business, instead of a manufacturer who discharges massive amounts of greenhouse gases. The primary sources of the Company's emission of greenhouse gases refer to power, water and fuel of transportation means. Yuanta Financial Holdings and the Company has conducted an annual investigation into the emission of greenhouse gases by said energies for three consecutive years, and is scheduled to have the emission of greenhouse gases certified by some external organization after 2015.</p> <p>c. Yuanta Financial Holdings and the Company promotes environmental protection and fulfills the energy saving/carbon reduction measures as part of its strategy to manage greenhouse gas emissions:</p> <ul style="list-style-type: none"> a) Promote recycling and adopt green procurement; b) Permanently encourage staff to move by stairs instead of elevators, if the length of distance is no more than two floors, to provide exercise and also save power. Elevators are categorized into those exclusive for floors of odd and even numbers separately, so that the energy used by the elevators to stop and open/close the doors may be saved. c) Require that the room temperature at the office premises shall be set as no less than 26 degrees centigrade. d) The areas of sun exposure shall be equipped with window shades to reduce radiant heat. e) Order staff to pull outplugs of OA equipment if the equipment remains permanently inactive, and that staff turn off lights immediately before leaving the office. f) Set the PCs in the manner that the screensavers will be activated automatically once the PCs are inactive. g) Reduce water yield of faucets comprehensively, and persuade colleagues to confirm that the faucet is turned off tightly after use. h) Promote videoconferencing to save staff from consuming energy used in commutation. i) Plan to replace traditional lighting with LED to save power step by step, and already complete the replacement at the office premises of Yuanta Financial Holdings Building in 2017. j) The communication of official letters, internal and external, has been replaced by the online approval system to save consumption of paper and carbon powder. <p>(II) Yuanta Financial Holdings and the Company's measures to raise resource utilization efficiency and its use of renewable materials are explained below:</p>	

Item	Implementation Status			Non-compliance with Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies and the root causes
	Yes	No	Summary description	
and the use of environmental-friendly materials?			<p>A. We recycle and reuse energy-intensive articles. This includes advocating as well as promoting the recycling and reuse of paper products, the use of recycled paper and resource recycling as well as reporting on execution status.</p> <p>B. We properly dispose of waste. This includes advocating and promoting waste sorting and reduction, waste water treatment and reporting on the outcome.</p> <p>C. We adopt low-consumption and green OA appliances and devices. Since 2011, we have been awarded “Excellent Green Procurement Entity” by Department of Environmental Protection of Taipei City Government each year.</p> <p>D. Yuanta Financial Holdings has been honored by Department of Environmental Protection, Taipei City Government as the excellent benchmark entity for 9 years consecutively, and by Environmental Protection Administration, Executive Yuan as the excellent green procurement entity for 8 years consecutively.</p>	
(III) Whether the Company assesses the potential risk and opportunity posed by climate changes to the enterprise, now and in the future, and takes responsive measures related to climate issues?	V		<p>(III) In response to the planning by Yuanta Financial Holdings, the Company supports the Task Force on Climate-Related Financial Disclosures (TCFD) actively. The Company disclosed the 2018 work progress and results in the 2018 CSR report, per the framework recommended by TCFD. By assessing and analyzing the Company’s overview, international trends and industrial analysis & research report, Yuanta Financial Holdings has identified 12 risks and opportunities over the climate changes critical to the Company, and the financial impact potentially posed by them. Meanwhile, the Company convened related units via the “Corporate Sustainability Committee” to research and draft responsive strategies and mitigation measures with respect to various risks and opportunities over climate changes.</p> <p>The subsidiaries also follow Yuanta Financial Holdings policy by including the risks and opportunities over climate changes into the business decision and actively delivering and certifying standard procedures, in line with the international trend development or assessment standards. Yuanta Financial Holdings has identified the industries subject to climate risk, including the steel industry, cement industry, plastic industry and car industry. When developing and engaging in financial products and services, Yuanta Financial Holdings and its subsidiaries shall carefully assess whether the trading counterparts in credit extension and investment transactions or the transactions per se carry potential ESG risk to ensure the controllability of risk. Said detailed information is disclosed in Chapter “Yuanta 2018 Sustainability Management Performance” in the CSR Report on the website at: https://www.yuanta.com/Files/6aabfa21-bd8e-49e5-8502-e6267003c9e3/2018_企業社會責任報告書.pdf</p>	
(IV) Whether the Company discloses the annual greenhouse gas emission, water consumption and gross weight of waste for the past two years, and adopts	V		<p>(IV) In response to the planning by Yuanta Financial Holdings, the Company engaged in promoting this work. The Group has physically practiced the sustainability in terms of climate transformation, energy saving and carbon reduction, and green environmental protection, by procuring the green power of 500,000 degrees in 2016, and again in 2017.</p>	

Item	Implementation Status			Non-compliance with Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies and the root causes											
	Yes	No	Summary description												
policies for energy conservation and carbon reduction, greenhouse gas reduction, reduction of water consumption or management of exhaust gas and other waste goods?			<p>Meanwhile, the Group has also subscribed for 500 Renewable Energy Certificates in 2018 and 2019, respectively, which corresponded to the absorption of CO2 of 0.7 Daan Forest Park each year, in order to use its best efforts to care the Earth and environmental sustainability.</p> <p>The Group have acquired the green building planning when constructing its own buildings. Yuanta Life has also taken the green building into account, and will adopt the same standard planning when constructing any building in the future. The Group takes carbon risk very seriously. Since 2016, it has become a member of the Carbon Disclosure Project (CDP). In 2018 and 2019, the Company was rated by the CDP as A- for “Leadership.” hitting the best record for the Group for two consecutive years and also ranking the best among peer companies.</p> <p>In addition to dealing with the governmental energy saving/carbon reduction policies and promoting multiple related measures, Yuanta Financial Holdings and the Company also defines the goal for energy saving in accordance with the “Regulations Governing Energy Subscribers’ Identification of Goals for Energy Saving and Implementation Plan”, promulgated by Ministry of Economic Affairs, in order to achieve the power saving rate more than 1% each year from 2015 to 2019 and also to achieve the average power saving rate more than 1% for the five years.</p> <p>The actual power consumption and power saving rate of Financial Holding Building was about 6% in 2015 and 2016. The Company also replaced all LED lighting fixtures in 2017. The actual power consumption was saved by 596,600 degrees and electricity bill saved 11.21% in 2017 from 2016. The actual power consumption was saved by 949,500 degrees and electricity bill saved by 20.10% in 2018 from 2017.</p> <p>Yuanta Financial Holdings and the Company establishes the “Environmental Policy” dedicated to fulfilling environmental protection, environmental management and energy saving in 2016. Meanwhile, in order to deal with such issues as shortage of international energy and climate transformation, in 2017, the Company established the “Energy and Climate Transformation Management Policy” to respond to the energy saving and carbon reduction trend actively, and also defined the energy saving objectives and programs to include sustainable operation into the Company’s management and operation.</p> <p>A. The Group’s statistics about waste classified and recycled as supported by documentary evidence in 2019 are stated as follows:</p> <div><div>Unit: 1000/KG</div><table><tr><td>Domestic waste</td><td>Aluminum</td><td>Iron</td><td>PET bottles</td><td>Paper</td><td>Leftovers</td></tr><tr><td>107,187</td><td>1,056</td><td>411</td><td>4,778</td><td>58,403</td><td>12,699</td></tr></table></div> <p>B. In 2019, the Group’s decoration waste classified and disposed of at a legal sanitary landfill totaled 67.02 metric tons.</p>	Domestic waste	Aluminum	Iron	PET bottles	Paper	Leftovers	107,187	1,056	411	4,778	58,403	12,699
Domestic waste	Aluminum	Iron	PET bottles	Paper	Leftovers										
107,187	1,056	411	4,778	58,403	12,699										

Item	Implementation Status			Non-compliance with Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies and the root causes
	Yes	No	Summary description	
			C. The Group's paper and water disposal totaled 21 metric tons in 2019. D. The Group's water consumption totaled 67,860 degrees in 2019.	
4. Social issues				Full compliance
(I) Has the Company developed its policies and procedures in accordance with laws and the International Bill of Human Rights?	V		(I) A. In response to the overall planning by Yuanta Financial Holdings, to maintain sanitation and protect the human rights, the Company establishes the human rights protection policy in accordance with the human rights protection spirit and basic principles disclosed in the Universal Declaration of Human Rights, United Nations Global Compact and International Labor Convention, in order to regulate the protection of human rights in workplaces, supply of healthy and safe workplaces and propagation of human rights policies, and fulfill the responsibility for respecting and protecting human rights. B. Meanwhile, in order to practice the "Human Right Policy." Yuanta Financial Holdings identifies risks and adopts correspondent management policies with respect to the human right issues, assess the results periodically and adjusts the management measures based on the assessment results, in order to control and mitigate the risk and solidify Yuanta Financial Holdings' human right protection policies.	
(II) Whether the Company adopts and implements reasonable employee benefit policy (including remuneration, vacation and other benefits, etc.), and reflects the operating performance or results to the remuneration to employees adequately?	V		(II) The Company adopts reasonable remuneration and benefit systems. The remuneration is paid under multiple packages, including basic pay, allowances, bonuses, employee compensation, and shareholding trust, in addition to the benefits such as vacation, insurance, cultural and recreational activities, to construct a complete salary, bonus and remuneration structure. The Company's remuneration system balances business performance and risk management, values employees' contribution and value, encourages employees to work with the Company to make the business performance hit record, and also feeds the operating results back to the employees.	
(III) Does the Company provide employees with a safe and healthy work environment, and provide safety and health education to employees regularly?	V		(III) A. In order to provide employees and customers with a safe and healthy environment, we continue to promote the workplace environment safety protection, and adopts the Occupational Safety and Health Work Rules, Occupational Safety and Health Management Program, Automated Inspection Program, Implementation Directions for Operating Environment Testing, and Regulations Governing Occupational Safety and Health Training, and publishes and enforces the same, in accordance with the "Occupational Safety and Health Act" and related sub laws. B. Organize the online training courses and disaster prevention drill for the occupational safety and health training and four major programs for occupational safety and health, with respect to new and current employees, pursuant to laws each year. Organize the occupational safety management training, fireproof management personnel training, first-aid personnel training, and disaster and earthquake prevention drill with respect to the chief occupational safety and health officers, fireproof management personnel,	

Item	Implementation Status			Non-compliance with Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies and the root causes
	Yes	No	Summary description	
(IV) Has the Company established some effective career development training plan for employees?	V		<p>security personnel and first-aid personnel, each year in order to mitigate the risk derived from occupational disasters and provide employees with a safety, healthy and sanitary occupational environment.</p> <p>C. Yuanta Financial Holdings and its subsidiaries all provide the specialist's on-site occupational health service, hire occupational safety and health management personnel, dedicated registered nurse and occupational specialist by contract to provide employees with the medical treatment and healthcare information, as well as the health consulting and health promotion services pursuant to laws, and also screen and identify the employees' occupational health risks which are more likely to derive and plan the occupational disease prevention program based on the indicators including job type, operating environment, age & gender, and health risks each year.</p> <p>D. In order to take care of employees' and customers' health, various units all practice the requirements about "installation of prominent non-smoking label at all entrances." and test the carbon dioxide concentration and lightness at the office premises semi-annually in accordance with the occupational safety and health laws and regulations, and also obtain the "Air Quality Self-Management Certification."</p> <p>(IV) The Company follows the system planned by Yuanta Financial Holdings. The career development training plan for Yuanta Financial Holdings' employees consists of the following elements:</p> <p>A. Diversified development system for talents holding management function and professional function: The management of Yuanta Financial Holdings find out and reserve the management and professional talents needed by the financial industry's and Group's development through talent identification, and train talents through training, assignment of missions, participation in projects, participation in meeting and work shifts. Meanwhile, the Company also encourages its employees to access various financial areas of the Group and learn the diversified functions voluntarily to help the Company and employees respond to the rapid changes in the finance industry and also hold the knowledge, technology and competency keeping up with the time. Yuanta Financial Holdings encourages employees to participate in workshops and training sessions to enhance their competence or reserve the competence needed in the future. The Company will cover the full expenses for courses that are attended upon assignment or approval by the Company. Moreover, the Company encourages employees to attend international financial professional course certification and English proficiency certification by offering incentive bonus.</p> <p>B. Share the digital training platform and promote self-learning: Yuanta Financial Holdings communicates tactic knowledge and transfer practical</p>	

Item	Implementation Status			Non-compliance with Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies and the root causes
	Yes	No	Summary description	
(V) Whether the Company complies with the related laws and international practices with respect to customers' health and safety, customers' privacy,	V		<p>experience via its self-made courses available on the digital learning platform, "Yuanta e-Learning." The digital learning courses added on a weekly basis are intended to communicate the global industrial development trend, case study on enterprises and experience, new knowledge and application of management, and strengths in workplaces, as the important knowledge treasury for the Group's employees to engage in self-learning and develop diversified functions.</p> <p>Based on the thought about learning curation, in line with the hit subjects in the global financial industry and the Group's business focus, Yuanta Financial Holdings releases "Yuanta e-Learning/Learning Weekly" to train employees to maintain their learning motives and habits, urge employees to engage in self-learning "anytime, anywhere, on-demand." to continue enhancing the employees' professional ability and reserve their competitiveness for their future careers.</p> <p>C. <u>Provide the chance for post transfer in the Group and encourage trans-disciplinary transfer to practice:</u> Yuanta Financial Holdings makes good use of the strength in diversified financial industry of its subsidiaries to arrange the intracompany post transfer subject to the operating need periodically, and encourages employees to apply for internal post transfer, so as to boost the exchange of talents in the Group and encourage employees to develop in a diversified manner, drive the reproduction of inter-company success and spread efficiency.</p> <p>D. Fulfillment of the Company's internal knowledge management and experience transmission: Meanwhile, in order to enable employee training to meet the Group's enterprise culture and practical management needs and to signify senior employees' professional value and contribution, the Group has engaged in promoting the in-house trainer system based on the plentiful experience of in-house staff permanently, so as to fulfill the Company's internal knowledge management and experience transmission. It is also done to help enhance colleagues' professional competency in the area of finance.</p> <p>E. The Yuanta Group's employee training program 2019 offered a total of 2,857 courses, attended by a total of 259,449 trainees. The total training hours were 514,265 hours. The total employee training budget was NT\$37.84 million. Averagely, each employee accepted the training for 47.1 hours and attended the training for 23.8 counts, and was allocated the training budget, NT\$3,468.</p> <p>(V) The design, advertisement, sale, contract performance, consultation about service, and customer complaints with respect to protection of customers' privacy and the products or services provided by it are all processed per the competent authorities' requirements and related laws & regulations. In order to fulfill the obligation to keep in confidence customers'</p>	

Item	Implementation Status			Non-compliance with Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies and the root causes
	Yes	No	Summary description	
<p>marketing and labeling for its products and services, and adopts related consumers protection policy and complaining procedures?</p> <p>(VI) Whether the Company adopts any specific suppliers' management policy demanding that the suppliers should comply with the related regulations governing environmental protection, occupational safety and health or labors' human rights, and how the policy is implemented?</p>	V		<p>or investors' personal data, the "Personal Data Management Rules" and "Enforcement Rules for Personal Data Management" are adopted in accordance with the "Personal Data Protection Act" and "Financial Supervisory Commission's Regulations Governing Security Measures for Personal Information Files at Designated Non-Public Agencies." as amended from time to time in response to the changes in social environment and laws & regulations. The external website also discloses the policies and regulations related to information and communications safety and non-disclosure and statement of privacy, in order to enable customers to know about the efforts spent by Yuanta Securities and how to protect their own interests and rights. In terms of marketing and labeling, Yuanta Securities establishes the internal control system with respect to product design and sales, adopts the internal regulations including the "Fair Dealing Policy" and "Fair Dealing Strategies." and practice the "Fair Dealing Principles" in the process of business promotion. Yuanta Securities organizes finance courses, arranges social media layout, and discloses the information about products/services and simplified Q&A on the official website, in order to upgrade the customers' knowledge about financial instruments. Meanwhile, it is used to providing detailed information about products and services when selling products and providing services, so that the customers execute contracts and trade with it under the circumstance that they are fully informed. Customers may ask the business units or customer service center for the information related to products or services, in person, via phone, in writing, or via email and fax, or any other channels. Additionally, in order to protect banking consumers' interest and right, Yuanta Securities also adopts the "Consumption Dispute Resolution Regulations" which detail the liability and handing procedures for consumption disputes. Its external website discloses in the Stakeholder Engagement section the channels via which customers may raise their complaint, in order to ensure that the Company may respond to customers' claims via diversified channels of communication and complaint.</p> <p>(VI) A. In response to the overall system planned by Yuanta Financial Holdings, the Company asks the suppliers to comply with the Ethical Corporate Management Best Practice Principles together with the Company. For tangible product suppliers to enter into a procurement contract with the Company, as of June 2013, the Company will ensure they understand the Yuanta Financial Holdings' integrity and ethical principles and corporate social responsibility strategies and approaches in accordance with "Procedures for Ethical Management and Guidelines for Conduct". The Company will also ask them to submit a written undertaking of integrity and ethical proof showing no record of corruption and bribery, in order to comply with the integrity and ethical principles and maintain corporate social responsibility.</p> <p>B. Yuanta Financial Holdings is dedicated to purchasing green products from suppliers to fulfill its responsibility for protecting the earth. Yuanta Financial Holdings will procure</p>	

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	Yes	No	Summary description	
			<p>their products as the priority, subject to need. Since 2011, the green procurement has been awarded a certificate of gratitude by the Environmental Protection Administration, Executive Yuan for 8 consecutive years and by Taipei City Government for 9 consecutive years. In order to fulfill the “green procurement”, the Company applies the green products bearing the green mark identified in positive listing, including the three types of environment protection product which renders less impact to the environment, namely, “the product which acquires the green mark granted by Environmental Protection Administration, Executive Yuan”, “the product which meets the requirements about recycling materials, low pollution, recycling and energy saving” and “the other product with identical or similar performance which may increase the social interest or reduce the social cost”.</p> <p>C. When executing any contract with suppliers, Yuanta Financial Holdings and the Company will ask the suppliers to sign the “Written Undertaking for Human Rights and Sustainable Environment” to expressly undertake that they will comply with the Labor Standard Law and respect basic labors’ human rights, avoid endangering labors’ basic rights, comply with environment-related laws and regulations, and devote itself to sustain the environment, fulfill the enterprise culture upholding sustainable environmental development, care for the earth, cherish resources, protect the environment and save energy, and fulfill their obligations to protect society and environment, in the hope of exerting the Company’s influence and urging the suppliers to fulfill the corporate social responsibility together.</p> <p>In order to establish a more sound “Sustainable Procurement Procedure.” Yuanta Financial Holdings activated the ISO 20400 Sustainable Procurement Project since 2019 to practice the concept about sustainability into the procurement department, affect up-stream suppliers’ practices and deepen the enterprise’s sustainable practices. The implementation of such concept is expected to be completed in 2020.</p>	
5. Whether the Company prepares the report disclosing the Company’s non-financial information, such as CSR report, based on the guidelines or directions for preparation of reports applicable internationally? Whether said report has been assured or guaranteed by a third party certification unit?	V		<p>A. Not applicable since the Company is not a TWSE/TPEX-listed company.</p> <p>B. The Company’s parent company, Yuanta Financial Holdings, releases the non-financial information report periodically each year. In June 2019, the Company released the “Yuanta Financial Holdings 2018 CSR Report” (hereinafter referred to as the Report), and the relevant public notice was posted in the “CSR” section on Yuanta Financial Holdings’ website, in Chinese and English languages. It covers the Group’s performance in economy, society and environment in 2018 (from January 1, 2018 to December 31, 2018), and management policies and responsive measures against important topics. The Report set the organization bound based on the principles of consolidated statements, covering Yuanta Financial Holdings and its nine subsidiaries. The scope of disclosure focused on the operating activities in Taiwan. The Report was prepared primarily based on the “core” requirements under the GRI, Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE</p>	

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	Yes	No	Summary description	
			Listed Companies, and International Integrated Reporting Framework. The financial data were prepared based on International Financial Reporting Standards and Regulations Governing the Preparation of Financial Reports by Financial Holding Companies. The ISO 14001, ISO 14064 and ISO 50001 were certified by BSI. The Report was investigated by BSI, Taiwan Branch based on AA1000 AS:2008 and GRI. Upon investigation, the Report was held satisfying the “core” requirements under GRI and AA1000 Type II guarantee.	
6.Following the “Corporate Responsibility Code of Practice for Listed Companies,” Yuanta Securities has developed its own code of corporate social responsibility. Describe any differences between the code and actual practice: Full compliance.				
7.Other information material to the understanding of the corporate social responsibility: None				

Note1: Implementation status: If “Yes” is ticked, please specify the important policies, strategies and measures as adopted, and the implementation status thereof. If “No” is ticked, please explain the causes and specify the related policies, strategies and measures to be adopted in the future.

Note 2: Where the Company has prepared a Corporate Social Responsibility Report, the summary thereof may not be required. Only if this report specifies to refer to the Corporate Social Responsibility Report will it be needed, or may be replaced by the index page number.

Note 3: The materiality principle refers to the material effect produced by the environment, society and corporate governance issues on the company’s investors and other stakeholders.

(VI) Corporate observance of ethical business practices and adopted measures

Item	Implementation Status			Non-compliance with Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies and the root causes
	Yes	No	Summary description	
1.Enactment of ethical management policy and program			The Company is one of Yuanta Financial Holdings members. Yuanta Financial Holdings has adopted the “Ethical Management Best Practice Principles” and “Procedures for Ethical Management and Guidelines for Conduct” to be followed by all the Group members including Yuanta Financial Holdings.	Full compliance
(I) Whether the Company adopts the ethical management policy approved by the Board of Directors, and expressly states the ethical corporate management policy and rules, and its fulfillment by the Board of Directors and senior management in its Articles of Incorporation and public documents?	V		(I) By building fair corporate governance, risk control mechanism and sound internal control systems and regulations, the Company prevents any unethical conduct from arising, in order to create the environment facilitating the Company’s corporate sustainability. Meanwhile, the Company has practiced the following: A. Precisely practice the “Ethical Management Best Practice Principles” and “Procedures for Ethical Management and Guidelines for Conduct” adopted by Yuanta Financial Holdings, and the Company’s work rules and Code of Ethics. B. Already announce the regulations and systems and code of ethics to be followed by all workers on the Company’s intranet. C. In response to the overall planning by Yuanta Financial Holdings, the Company has had the current directors and senior management execute the “Statement of Declaration for Ethical Conduct” before December 31, 2019. The same will apply to the new directors and senior management in the future.	
(II) Whether the Company establishes the assessment mechanism about unethical conduct to analyze and assess the operating activities with higher risk of unethical conduct in the scope of business periodically, and adopts the unethical conduct prevention program based on the mechanism, which shall at least cover the prevention measures referred to in the subparagraphs of Paragraph 2, Article 7 of the “Ethical Corporate Management	V		(II) A. The Company has adopted the “Guidelines Governing Public Donations.” Each transaction of donation and sponsored fund is subject to the authorization by the level of authority pursuant to related laws and international operating procedures. Meanwhile, the Company prohibits the circumstances referred to in Paragraph 2 of Article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies.” B. Further, pursuant to the “Guidelines for Conduct” enacted by Yuanta Financial Holdings, the Company adopts measure to prohibit offering or accepting a bribe and illegal political contributions for the business activities with higher risk of dishonesty. C. According to the “Ethical Corporate Management Best Practice Principles” of Yuanta Financial Holdings, the Company shall establish the unethical conduct risk assessment mechanism to analyze and assess the operating activities with higher risk of unethical conduct in the scope of business periodically. The	

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	Yes	No	Summary description	
<p>Best Practice Principles for TWSE/TPEX-Listed Companies”?</p> <p>(III) Whether the Company expressly states the SOP, guidelines and reward and disciplinary & complaining systems in the unethical conduct prevention program, implements the same precisely and and periodically reviews and amends said program?</p>	V		<p>mechanism will be implemented as of April 1, 2020.</p> <p>(III) A. The Company expressly defines in the work rules and Code of Ethics that all employees are prohibited from exercising their authority to seek illegal benefits, accept entertainment, gifts or rebates, and embezzle public funds, or processing affairs in a speculative manner or concealing or cheating, or seeking improper benefits, or taking advantage of their job duty to accept gifts or commission from others, or any other illegal benefits, in order to stop any unethical conduct.</p> <p>B. The Company’s Code of Ethics also expressly states that any staff shall not, in their own names or in another person’s name, engage in any funding, transaction of substantial assets, offering of guarantees, or other transaction that might cause conflict of interest with the Company, or request, offer, delivery or accept any gifts, entertainment, rebate, bribe or other illegal benefits in any form, for the own interest or the interest of the Company or a third party, when performing their job duty.</p> <p>C. The Company expressly states in its internal rules that any person sentenced by a conclusive judgment to term imprisonment or above will not be hired by the Company. The Company also establishes the Personnel Evaluation Committee dedicated to reviewing the reward & discipline for employees. The related regulations and rules are reviewed and amended, from time to time, in response to the amendments to external laws and regulations, and internal control needs.</p>	
<p>2. Implementation of ethical management</p> <p>(I) Has the Company assesse a trading counterpart’s ethical management record, and expressly states the ethical management clause in the contract to be signed with the trading counterpart?</p>	V		<p>(I) The Company’s procurement projects shall be handled in accordance with the Company’s “Directions for Requisition, Procurement and Verification.” When engaging in trading and procurement, please search the stakeholder database to check whether the supplier is a stakeholder and the substantial related party in the financial statements or not, and then access the “Checklist for the Signing of Procurement Contracts” to verify that the exhibits available on Judicial Yuan’s website are attached thereto (to prove whether the supplier has any unethical</p>	Full compliance

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	Yes	No	Summary description	
(II) Whether the Company establishes a unit dedicated to promoting ethical corporate management under supervision by the Board of Directors who shall be responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs, reporting the status thereof to the Board of Directors, and stating the operations and execution of such unit on the Company's website?	V		<p>conduct record for bribery or illegal political donation maintained at Judicial Yuan for the most recent year). Meanwhile, the Company will demand that the suppliers should execute the "Statement of Declaration for Ethical Conduct," and specify in the contract the ethical management clauses to be followed by the supplier in the contract. Further, in order to promote and work with the supplier to perform the corporate social responsibility, the Company will also ask the supplier to add in the procurement contract the corporate social responsibility clauses or to execute the "Written Undertaking for Human Rights and Sustainable Environment" to satisfy the related laws and regulations governing environmental protection, occupational safety and health and labor's human rights practically.</p> <p>(II) The Company's ethical management operations are promoted or executed by Internal Audit Dept., Compliance Affairs Dept., Human Resources Dept., Accounting Dept., Management and Labor Safety Dept., and Corporate Planning Dept. Meanwhile, Corporate Planning Dept. is responsible for compiling the information about the operations and reporting the implementation of ethical management to the Board of Directors and Yuanta Financial Holdings each year, and stating the operations and execution of such unit on the Company's website and in the annual report.</p>	
(III) Has the Company defined any policy against conflict of interest, provides adequate channel thereof, and fulfills the same precisely?	V		<p>(III) The Company's "Code of Ethics" has expressly defined the conflict of interest policy and provided detailed requirements about prohibition of conflict of interest and prevention of likelihood of any conflict of interest, stating that any directors shall recuse themselves from voting for any motions involving the interest of the directors or corporations represented by the directors, as submitted to a Board of Directors' meeting, or the directors shall declare any of their transactions or relations which might cause conflict of interest voluntarily, and shall deal with it or recuse themselves adequately.</p>	
(IV) Whether the Company fulfills the	V		<p>(IV) A. The Company complies with the "Ethical Management Best Practice</p>	

Item	Implementation Status			Non-compliance with Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies and the root causes
	Yes	No	Summary description	
<p>ethical management by establishing an effective accounting system and internal control system, and has an internal audit unit research and adopt related audit plans based on the unethical conduct risk assessment result and conduct audits on the compliance by the unethical conduct prevention program, or appoints a CPA to conduct the audits?</p> <p>(V)Has the Company organized the internal/external education and training of the ethical management?</p>	V		<p>Principles” and “Procedures for Ethical Management and Guidelines for Conduct” of Yuanta Financial Holdings and links the same with its related internal control regulations to be followed by various departments. The Internal Audit Department will research and adopt related audit plans based on the unethical conduct risk assessment result and conduct audits on the compliance by the unethical conduct prevention program.</p> <p>B. The Company’s accounting system is adopted in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Firms, International Financial Reporting Standards (IFRSs) and other related laws. The operating results are reported to Audit Committee and Board of Directors periodically. Meanwhile, the Company accepts internal and external audits, and CPA’s audit to ensure the sustainable effectiveness of design and implementation of the Company’s accounting system.</p> <p>(V) The Company organizes the CSR, compliance, anti-bribery & anti-corruption, anti-money laundering and countering of terrorism financing training program on a yearly basis. All employees have to take part in the program and pass the test, to ensure that employees have correct knowledge and basic judgment of relevant laws and ethical conduct, and that the corporate ethical management policy may be fulfilled.</p>	

Item	Implementation Status			Non-compliance with Corporate Governance Best Practice Principles for TSEC/GTSM Listed Companies and the root causes
	Yes	No	Summary description	
3. Status of the Company's complaint system				Full compliance
(I) Has the Company defined a specific complaints and rewards system, and established some convenient complaint channel, and assigned competent dedicated personnel to deal with the situation?	V		<p>(I)A. The Company's "Code of Ethical Conduct" expressly states that the Company's personnel shall be obligated to report on misconduct. Further, Employees through the Company's internal website: Employees may report to the management and human resources unit through the communication channels, including the creativity communication channel, Human Resources complaint mailbox, and Review Committee mailbox. The Company's communication channels are smooth and diversified.</p> <p>B. The Company has established the "Regulations Governing Implementation of Complaint System" expressly stating such complaining systems and requirements covering the scope of application, types of acceptable cases, channels and modes, whistleblowers' obligation, timetable for resolution of complaints and notification to the whistleblowers of the relevant resolution, principles for sustainable complaints and operating procedure for rejection, investigation principles and investigation procedure, standard operating procedure under follow-up mechanism, whistleblower protection policy, avoidance of conflict of interest, recordation and maintenance of related documents, and promotion and educational training.</p> <p>C. The Company has posted the mailing address, hotline and email address on the Company's intranet and external website as the whistleblowing channels. Insiders and outsiders may whistleblowing cases in said manners that are convenient and diversified.</p> <p>D. The Company has appointed Compliance Affairs Dept. to act as the unit dedicated to accepting whistleblowing cases, and Internal Auditing Department to act as the unit dedicated to investigating on the whistleblowing cases, in order to make the cases processed by dedicated units and personnel.</p>	
(II) Whether the Company defines the standard operating procedure, follow-up measures to be taken upon completion of the	V		<p>(II)A. The follow-up measures to be taken upon completion of the investigation shall apply said regulations.</p> <p>B. The Company's "Regulations Governing Implementation of Complaint System" expressly state that the personnel engaged in processing the whistleblowing cases</p>	

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	Yes	No	Summary description	
<p>investigation, and nondisclosure mechanism toward the investigation of complaints as accepted?</p> <p>(III) Has the Company adopted any measures to prevent the complainants from being abused after filing complaints?</p>	V		<p>shall sign a written statement stating the non-disclosure mechanism dedicated to keeping the whistleblower's identity and details about the case in confidence and preventing disclosure of the information sufficient to identify the related parties.</p> <p>(III)A. The policies adopted by the Company to protect the whistleblower include:</p> <ul style="list-style-type: none"> a. Prohibition from firing, dismissing or demoting the whistleblower or cutting the whistleblower's salary, damaging the interest vested in the whistleblower pursuant to laws, contracts or customs, or rendering any decision in disfavor of the whistleblower on the ground of the whistleblowing case. b. If the whistleblower is threatened, intimidated or otherwise treated inadvertently by others, please report to the police authority. <p>B. The Company has the "Personnel Review Committee" set up to review the matters of employees' rewards and punishments, and also to announce in writing the related rewards and punishments to the staff of the Company.</p>	
<p>4.Enhancing Information Disclosure</p> <p>Whether the Company has disclosed the content and the status of implementation of their ethical corporate management best practice principles on their company websites and the MOPS?</p>	V		<p>The "YFH Ethical Corporate Management Best Practice Principles" and "YFH Procedures for Ethical Management and Guidelines for Conduct" followed by the Company have been disclosed in the "Laws & Regulations About Corporate Governance" of the "Corporate Governance" in the "CSR" section of Yuanta Financial Holding's homepage.</p>	Full compliance
<p>5.Following the "Integrity Management Code for Listed/OTC Companies," Yuanta Securities has developed its own code of integrity management. Describe any differences between the code and actual practice: The Company is a subsidiary of Yuanta Financial Holdings and is bound by Yuanta Financial Holdings' "Integrity Management Code" and "Integrity Management Operating Procedures and Behavior Guide" as well as other subsidiaries in the Group. The status was no departure in this respect.</p>				
<p>6.Other important information regarding the Company's integrity management (such as reviewing and amending the Company's integrity management code, etc.): None.</p>				

(VII) Methods for conducting queries on Yuanta Securities' Corporate Governance Best Practice Principles and related rules and regulations

1. The "Yuanta Financial Holdings Ethical Management Principles" and "Yuanta Financial Holdings Procedures for Ethical Management and Guidelines for Conduct" followed by the Company are disclosed on the page of "Corporate Governance" for "Corporate Governance Practices and Regulations" on the home page of the Company's website, the "Corporate Social Responsibility" section.
2. The "Corporate Governance Practices" and related rules and regulations can be found on the "About Us" page of our official website at <http://www.yuanta.com.tw>.

(VIII) Other information enabling better understanding of the company's corporate governance:

1. In order to fulfill the corporate governance, upgrade functions of the Company's board of directors and functional committees and set performance targets to strengthen the operating efficiency, the Company followed the Sample Template of "Self-Evaluation or Peer Evaluation of the Board of Directors of XX Co., Ltd." of TWSE and Article 18-1 of the Company's "Corporate Governance Best Practice Principles", and, subject to resolution and approval of the board of directors on November 24, 2016, established the "Regulations Governing Performance Evaluation on Board of Directors and Functional Committees" and schedules thereto, including "Questionnaire of Self-Evaluation on Performance of the Board", "Questionnaire of Self-Evaluation on Performance of Board Members (for Themselves or Peers)", "Questionnaire of Self-Evaluation on Performance of Audit Committee" and "Questionnaire of Self-Evaluation on Performance of Remuneration Committee".
2. Summary of the Company's "Regulations Governing Performance Evaluation on Board of Directors and Functional Committees"
 - (1) Requirements to be complied with
 - A. With respect to the performance valuation of the Company's board of directors and functional committees, the general evaluation cycles, evaluation periods, scope and method of evaluation, the unit conducting evaluations, evaluation procedures and other matters for compliance shall be governed by the Regulations.
 - B. The Company's functional committees include Audit Committee and Remuneration Committee.
 - (2) General evaluation cycles and periods
 - A. The Company's board of directors and functional committees shall conduct the performance evaluation on the board of directors and functional committee at least once per year. During the evaluation period of the board of directors and functional committees, the annual performance evaluation shall be conducted per the evaluation procedures and evaluation indicators at the end of each year.
 - B. The assessment on the performance of the Company's Board of Directors shall be contracted to an external professional and independent organization, or external experts/scholars for once per three (3) years.
 - C. The Board of Directors and functional committee's performance assessment results shall be completed by the end of Q1 of next year.
 - (3) Scope and method of evaluation scope and method

The scope of evaluation on the Company's board of directors includes the performance evaluation on the board of directors and functional committees, as well as individual directors and committee members. Methods of evaluations include the self-evaluation of the board, self-evaluation by individual board members, peer evaluation, or other appropriate methods.

(4) Assessment execution unit

The unit dedicated to executing the assessment on performance of the Board of Directors shall verify the assessed unit's operation and act fairly, objectively and independently.

Considering that the operations might vary based on various committees, the unit dedicated to executing the assessment on performance of the functional committees may be replaced by another unit, subject to the department's organizational structure. The execution unit shall act fairly and objectively and be served by the person or unit that has no direct conflict of interest with the assessed unit's operations.

(5) Evaluation procedure

The performance evaluation procedure of the Company's Board and functional committees is stated as following:

- A. Determine the units to be subject to evaluation and the scope of evaluation in the current year.
- B. Determine the method of evaluation.
- C. Select the units appropriate to conduct the evaluations.
- D. Various execution units responsible for the performance appraisal collect the information about the Board of Directors and functional committee activities, and distribute and complete the attached schedules, including "Board of Directors Performance Self-Assessment Questionnaire," "Board Members Assessment Questionnaire," "Audit Committee Performance Self-Assessment Questionnaire," "Remuneration Committee Performance Self-Assessment Questionnaire." (Schedule 4). Then, the questionnaires are collected uniformly by the relevant execution unit or Secretariat of the Board of Directors, and the unit records the assessment report based on the scores per the assessment indicators referred to in Article 8 herein, and submit the report to the Board of Directors for discussion and improvement.

(6) External professional organization/expert

The external professional organization or external experts/scholars team arranged by the Company to conduct the performance appraisal on the Board of Directors performance shall satisfy the following requirements:

- A. The external assessment organization or external expert/scholar team shall act professionally and independently.
- B. The external assessment organization primarily refers to the organization or management consulting service company engaged in the training courses for Board of Directors and upgrading of corporate governance services.
- C. The external expert/scholar team shall consist of no less than 3 experts or scholars from the Board of Directors or specialized in the corporate governance sector and is responsible for assessing the Board of Directors' performance assessment and preparing the assessment analysis report.

(7) Evaluation indicators and scoring criteria

- A. The Company shall take into consideration its condition and needs when establishing the criteria for evaluating the performance of the board of directors and functional committees, which should cover, at a minimum, the following five aspects:
 - a. Participation in the operation of the Company;
 - b. Improvement of the quality of the board of directors' decision making;
 - c. Composition and structure of the board of directors;
 - d. Election and continuing education of the directors;
 - e. Internal control.

- B. The criteria for evaluating the performance of the board members (on themselves or peers), should cover, at a minimum, the following six aspects:
 - a. Familiarity with the goals and missions of the Company;
 - b. Awareness of the duties of a director;
 - c. Participation in the operation of the Company;
 - d. Management of internal relationships and communication;
 - e. The director's professionalism and continuing education;
 - f. Internal control.
- C. The indicators of evaluation on performance of the Board and functional committees shall be determined based on the operation and needs of the Company and as per what is suitable and appropriate for evaluations by the Company.
- D. Scoring criteria may be modified and adjusted based on the Company's needs. The weighted scoring method may be adopted based on the aspects of evaluation.

(8) Disclosure of information in annual report

It is advisable that the Company disclose in its annual report whether the regulations governing the board performance evaluation have been established as well as how the board performance evaluation has been conducted, with a description of the evaluation method provided.

(9) Method of disclosure

If the Company contracts the Board of Directors performance assessment to some external organization or expert, it shall disclose the name and expertise of the organization or expert, and also specify whether the external organization or expert has business transactions with the Company or acts independently or not.

3. The self-appraisal items in the questionnaire for evaluation on performance of the Company's Board of Directors and functional committees:

Self-appraisal items of the evaluation on performance of Board of Directors

A. Participation in the Company's operation

- 1. The directors' attendance at the directors' meetings (exclusive of the attendance by proxy) is considered fair
 - (1 person for the attendance rate less than 70%, 2 persons for the attendance rate more than 70% but less than 80%, 3 persons for the attendance rate more than 80% but less than 85%, 4 persons for the attendance rate more than 85% but less than 90%, and 5 persons for the attendance rate more than 90%)
- 2. The directors read and understand the meeting materials before any directors' meeting.
- 3. The interaction between the Board of Directors and management team is considered fair.
- 4. The Board of Directors does monitor the Company's compliance with laws and best practice principles precisely.
- 5. All of the directors make positive contribution at the directors' meetings.
- 6. The Board of Directors continues to promote the adoption of corporate governance-related regulations, support the Company to participate in the corporate governance evaluation, and protect shareholders' equity to upgrade the corporate governance.

7. The Board members have full knowledge of the Company, and the Company's management team and industries.
8. The directors are able to assess and supervise the Company's existing or potential risks and discuss the implementation and follow-up of the internal control system.
9. The directors communicate and exchange with the independent auditors perfectly.
(In the case of enforcement of new statements of accounting standards or major adjustment on the financial statements, a meeting shall be convened for discussion. The CPAs will be invited to attend the directors' meeting for at least twice per year, in order to discuss about the annual report and semi-annual report to verify the Company's financial position thoroughly.)
10. The Board of Directors reviews the management team's performance periodically and thoroughly, and renders reward or discipline in a timely manner.
11. The Board of Directors can access the corporate business performance report in a timely manner, and control various disadvantageous trends rapidly.
- B. Upgrade the decision-making quality of the Board of Directors
 12. The Board of Directors has established the Company's core values (discipline, mission, honor and vision), and can set the Company's strategic goals specifically.
 13. The Company has discussed and set the strategic plans and annual budget procedure adequately.
 14. Adequate frequency of directors' meeting
(At least twice per year: 1; four times: 2; six times: 3; eight times: 4; ten times: 5)
 15. The Company provides the Board of Directors with complete and timely information of specific quality that may help the Board of Directors perform its duty successfully.
 16. The directors' meeting minute records the contents of discussion adequately, as well as personal or collective opinions or concerns.
 17. The agenda arranged by the Board of Directors affords sufficient time for discussion about each motion, so as to help the directors discuss the motion thoroughly.
 18. The motions submitted by the Company to the Board of Directors are considered adequate.
 19. The motions to be discussed at the directors' meeting pursuant to laws are resolved under presence of all independent directors (including by proxy).
 20. The Board of Directors provides fair communication channels to help the adequate communication with independent directors.
 21. The resolution made by the directors' meeting is adequately followed up after being executed.
 22. For the motion requiring any director's recusal for avoidance of conflict of interest, the director would recuse himself, or the chairperson has requested the director to recuse, and adequate meeting minute is produced.
 23. The Board of Directors, Board members and functional committees all execute the performance assessment periodically and efficiently.
- C. Composition and structure of Board of Directors

24. The Board of Directors has appointed sufficient independent director seats, and the quota of independent directors satisfies the relevant requirements.
25. The Company's independent directors possess the required professional knowledge, and act independently during their terms of office.
26. The Board of Directors establishes adequate and sufficient functional committees.
27. The existing functional committees can perform the duty delegated by the Board of Directors.
28. The Company adopts and practices the Board member diversity policy based on the Company's development needs.
29. No more than two directors should be the spouse of each other or a relative within 2nd degree of kinship of the other, in order to enable the Board members to act objectively and independently.
30. The Board members are composed adequately, and hold the expertise required in the process of decision making.

D. Election and continuing education of directors

31. The Company adopts the rigid and transparent procedures for election of directors and successor program.
32. The procedures for election of the Board members are carried out based on the Company's Board member diversity policy.
33. The procedures for election of the Board members take the individual directors' performance assessment results into account.
34. The procedures for election of the Board members take the Board members' skills, knowledge and experience into account thoroughly, subject to the Company's actual needs. For any independent director who has served for three terms of office consecutively, it is necessary to consider whether the independent director's independence has been impaired.
35. The Board of Directors provides new directors with adequate instructions to help the new directors verify their job duties and know about the Company's operation and environment.
36. The directors attend diversified continuing education courses beyond the scope of their expertise, and complete adequate continuing education hours each year.
37. The Company keeps the official directors' training hour record and ongoing professional development program to help directors enhance their knowledge and skills.

E. Internal control

38. The Board of Directors does include the risk assessment on and control over the management into the enterprise's decision-making process.
39. The Board of Directors can evaluate and supervise the validity of various internal control systems and risk management effectively.
40. The internal control systems passed by the Board of Directors consist of five major elements/principles and cover the controls over all operating activities and trading cycles.

41. The Company's chief audit officer/general auditor attend the directors' meeting and submit the internal audit report, and the internal audit report (including follow-up report) is delivered or notified to Audit Committee and independent directors as required.
42. The appointment/dismissal, performance appraisal and payment of remuneration to internal auditors shall be authorized by the Board of Directors, or the Chairman via the chief audit officer.
43. Adequate arrangements are in place to ensure the CPA's objectiveness and independence when the CPA provides non-audit services.
44. The directors do verify and supervise the Company's accounting system, financial position and financial report, audit report, and the follow-up thereof.

F. Entire assessment

45. Overall operation of the Board of Directors

Comprehensive comments

(Other supplementary notes: Suggestions about improvement on the Board's operation)

Self-appraisal items of the evaluation on performance of Board members

A. Control over the Company's objectives and mission

1. Whether the directors understand the Company's core value (ideas about discipline, mission, honor and vision)?
2. Whether the directors understand the Company's strategic objectives set by the Board of Directors?
3. Whether the directors understand the characteristics and risks of the industry which the Company is engaged in?

B. Directors' knowledge about their duties

4. The directors can perform their duties loyally and with due diligence and exercise their authority in a high self-disciplined and cautious manner.
5. The directors have already understood their statutory obligation.
6. New directors have verified their job duties and known about the Company's operation and environment.
7. The directors do keep in confidence the Company's internal information accessed by them when performing the duty as a director.
8. In the case of changes in the stakeholder profiles referred to in Article 44 and Article 45 of the "Financial Holding Company Act," all the directors have provided related information for archiving in a timely manner.
9. The directors recuse themselves (from discussion and voting, and refrain from voting on behalf of another director) with respect to the motion which they have conflict of interest with, that is likely to harm the Company's interest.

C. Participation in the Company's operation

10. The directors' attendance at the directors' meetings (exclusive the attendance by proxy)

(1 person for the attendance rate less than 70%, 2 persons for the attendance rate more than 70% but less than 80%, 3 persons for the attendance rate more than 80% but less than 85%, 4 persons for the attendance rate more than 85% but less than 90%, and 5 persons for the attendance rate more than 90%)

11. The directors read and understand has materials before any directors' meeting to help them perform their job duty at the meeting.
12. The directors are engaged in the Board of Directors affairs for sufficient time.
13. The directors make positive contribution at the directors' meetings, e.g. providing concrete suggestions about the motion.
14. Upon receipt of the meeting minute, the directors would carefully read the contents therein, and verify that the minute records the contents of discussion adequately, as well as Contents personal or collective opinions or concerns.
15. The directors have full knowledge of the Company, and the Company's management team and industries to help them make professional and adequate judgment.
16. The directors do assess and supervise the Company's existing or potential risks and discuss the implementation and follow-up has the internal control system.
17. The number of companies in which the directors serve as director/supervisor concurrently satisfies the relevant requirements.

D. Management and communication of internal relationship

18. The interaction between the directors and management team is considered fair.
19. The communication between the directors and the other Board members is considered fair.
20. The directors have communicated and exchanged with independent auditors perfectly.

E. Election and continuing education of directors

21. The directors hold the expertise required by the Board of Directors' decision making.
22. The directors attend diversified continuing education courses beyond the scope of their expertise, and complete adequate continuing education hours each year.
23. The directors do continue to enhance their professional knowledge and skills.

F. Internal control

24. For the motion requiring any director's recusal for avoidance of conflict of interest, the directors do recuse themselves.
25. The directors have evaluated and supervised the validity of various internal control systems and risk management effectively.
26. The directors can verify and supervise the Company's accounting system, financial position and financial report, audit report the followup thereof.

G. Entire assessment

27. Overall performance of the Board members

Comprehensive comments

(Other supplementary notes: expectation or suggestions to the directors (self or peer))

Self-appraisal items of the evaluation on performance of Audit Committee

A. Participation in the Company's operation

1. Each member's average attendance at the Audit Committee (exclusive of the attendance by proxy) is considered fair
(1 person for the attendance rate less than 70%, 2 persons for the attendance rate more than 70% but less than 80%, 3 persons for the attendance rate more than 80% but less than 85%, 4 persons for the attendance rate more than 85% but less than 90%, and 5 persons for the attendance rate more than 90%)
2. The members would read and understand the meeting materials before any meeting.
3. The interaction between the Audit Committee and the management team is considered fair.
4. All the members make positive contribution at the meetings of Audit Committee.
5. The Audit Committee convenes the meeting periodically and at least once per quarter.
6. The Audit Committee members have full knowledge of the Company, and the Company's management team and industries.
7. The Audit Committee can access the corporate business performance report in a timely manner.
8. The Audit Committee can resolve the appointment or discharge of a financial, accounting, or internal auditing officer.
9. The Audit Committee can supervise the Company's major operating events.

B. Awareness toward Audit Committee's responsibilities and duties.

10. The Audit Committee's authority is defined precisely and adequately.
11. The Audit Committee can assess and supervise the Company's existing or potential risks.
12. The Audit Committee can submit suggestions to the Board of Directors for discussion timely, professionally and objectively, as the reference helping the Board of Directors make decision.
13. The Audit Committee has communicated and exchanged with independent auditors perfectly
(In the case of enforcement of new statements of accounting standards or major adjustment on the financial statements, a meeting shall be convened for discussion.)
14. The Audit Committee does evaluate the independence and competence of the retained CPAs periodically.

C. Upgrading the quality of the Audit Committee's decision making.

15. Unless in the case of emergency, the causes for convention of a meeting of Audit Committee shall be specified in the meeting notice and the meeting shall be served to each member 7 days prior to the meeting.
16. The Company provides the Audit Committee with complete and timely information of specific quality that may help the Committee perform its duty successfully. If

necessary, it may invite related department managers, internal auditors, CPAs, legal advisors or other personnel to attend the meeting as nonvoting participants.

17. The Audit Committee has sufficient time to discuss motions.
18. The motions submitted by the Company to the Audit Committee are considered adequate.
19. For the motion requiring any member's recusal for avoidance of conflict of interest, the member does recuse himself, and the meeting minute is produced
(If any Audit Committee member is considered a stakeholder to a motion, he must state the stakes involved and shall recuse himself from all discussions and voting if such stakes are in conflict against the Company's interests. In which case, the member may not exercise voting rights on behalf of another member.)
20. The Audit Committee's meeting minute records the contents of discussion adequately, as well as personal or collective opinions or concerns.
21. The resolution made by the Audit Committee's meeting is adequately followed up after being executed.
22. The Audit Committee all execute the performance assessment periodically and efficiently.

D. Formation and election of Audit Committee members

23. The Audit Committee shall consist of the whole independent directors, who shall be no less than 3 persons, including one as the convener and at least one specialized in accounting or finance.
24. The Audit Committee members are composed adequately, and hold the expertise required in the process of decision making.
25. The members all satisfy the "Regulations relevant Governing Appointment of Independent Directors and Compliance Matters for Public Companies."
26. The Audit Committee members all act independently during their terms of office.
27. The motion for election of the Audit Committee members take the members' skills, knowledge and experience into account thoroughly, subject to the Company's actual needs, as well as the Audit Committee's performance assessment results.

E. Internal control

28. Whether the Audit Committee accepts the risk control report submitted by the Company's dedicated risk control unit periodically? (including, the immediate actions the must be taken upon discovery of substantial risk events that is potentially detrimental to the Company's finance or business.)
29. The adoption of or amendments to, or assessment on effectiveness of, the internal control system is approved by the Audit Committee and submitted to the Audit Committee for resolution.
30. The Audit Committee can evaluate and supervise the validity of various internal control systems and risk management effectively.
31. The Company's chief audit officer attends the meeting of Audit Committee and submit the internal audit report, and the internal audit report (including follow-up report) is delivered or notified to the Audit Committee as required.

32. The internal control systems passed by the Audit Committee consist of five major elements/principles and cover the controls over all operating activities and trading cycles.
33. The Audit Committee can verify and supervise the Company's accounting system, financial position and financial report, audit report the follow-up thereof.
34. The Audit Committee values the compliance with various laws and best practice principles.

F. Entire assessment

35. Overall operation of the Audit Committee

Comprehensive comments

(Other supplementary notes: Suggestions about improvement on the Audit Committee's operation)

Self-appraisal items of the evaluation on performance of Remuneration Committee

A. Degree of participation in the Company's operation.

1. Each member's average attendance at the meetings of Remuneration Committee (exclusive of the attendance by proxy) is considered fair
(1 person for the attendance rate less than 70%, 2 persons for the attendance rate more than 70% but less than 80%, 3 persons for the attendance rate more than 80% but less than 85%, 4 persons for the attendance rate more than 85% but less than 90%, and 5 persons for the attendance rate more than 90%)
2. The members would read and understand the meeting materials before any meeting.
3. The interaction between the Remuneration Committee and the management team is considered fair.
4. All the members make positive contribution at the meetings of Remuneration Committee.
5. The Remuneration Committee convenes the meeting periodically and at least twice per year.

B. Awareness toward Remuneration Committee's responsibilities and duties.

6. The Remuneration Committee's authority is defined precisely and adequately.
7. The Remuneration Committee can assess and supervise the Company's existing or potential risks.
8. The Remuneration Committee can submit suggestions to the Board of Directors for discussion timely, professionally and objectively, as the reference helping the Board of Directors make decision.
9. The Remuneration Committee does stipulate and review regularly the compensation policies, systems, standards and structures, and performance of directors, supervisors and managers (the decision about compensation to directors, supervisors and managers should not deviate from the financial performance significantly).
10. The Remuneration Committee does review the Company's director's performance assessment standards periodically and submit the same to the Board of Directors for

approval, and determine the remuneration to directors based on the performance assessment results.

11. When resolving and managing performance assessment and remuneration, the Remuneration Committee does follow the typical pay levels adopted by peer companies, and take into consideration the individual performance, the Company's business performance and reasonableness of the correlation with future risk exposure.
12. The Remuneration Committee members can verify the core objectives of the organizational business and have full knowledge of the Company's internal reward program to evaluate the reward policy.

C. Upgrading the quality of the Remuneration Committee's decision making.

13. Unless in the case of emergency, the causes for convention of a meeting of Remuneration Committee shall be specified in the meeting notice and the meeting shall be served to each member 7 days prior to the meeting.
14. The Company provides the Remuneration Committee with complete and timely information of specific quality that may help the Committee perform its duty successfully. If necessary, it may invite related department managers, internal auditors, CPAs, legal advisors or other personnel to attend the meeting as nonvoting participants.
15. The Remuneration Committee has sufficient to discussion motions.
16. The motions submitted by the Company to the Remuneration Committee are considered adequate.
17. For the motion requiring any member's recusal for avoidance of conflict of interest, the member does recuse himself, and the meeting minute is produced.
(If any Remuneration Committee member is considered a stakeholder to a motion, he must state the stakes involved and shall recuse himself from all discussions and voting if such stakes are in conflict against the Company's interests. In which case, the member may not exercise voting rights on behalf of another member.)
18. The Remuneration Committee' meeting minute records the contents of discussion adequately, as well as personal or collective opinions or concerns.
19. The resolution made by the Remuneration Committee' meeting is adequately followed up after being executed.
20. The Remuneration Committee all execute the performance assessment periodically and efficiently.

D. Formation and election of Remuneration Committee members.

21. The Remuneration Committee shall consist of no less than three members, including one as the convener and at least one who should be the independent director.
22. The Remuneration Committee members are composed adequately, and hold the expertise required in the process of decision making.
23. The Remuneration Committee members all act independently during their terms of office.

24. The motion for election of the Remuneration Committee members take the members' skills, knowledge and experience into account thoroughly, subject to the Company's actual needs, as well as the Remuneration Committee's performance assessment results.

E. Internal control

25. The Remuneration Committee values the compliance with various laws and best practice principles.
26. The Remuneration Committee members do keep in confidence the Company's internal information accessed by them when performing the duty as the Committee member.

F. Entire assessment

27. Overall operation of the Remuneration Committee

Comprehensive comments

(Other supplementary notes: Suggestions about improvement on the Remuneration Committee's operation)

4. Report to the management and board of directors by the Company's Risk Management Dept.

- (1) In order to ensure the completeness, validity and reasonableness of the risk management mechanism, the Company takes the board-approved risk management policy and risk management regulations as guiding principles for its risk management system. Various risk management systems shall be defined based on the risk management policy, attributes of various risks, and effect to be produced by the risks to the Company's operation and capital.
- (2) The Company's Risk Management Department is subordinated to the Board of Directors and also an independent department. The Department's responsibilities include research and drafting of the Company's risk management policies and various risk management regulations, execution of the market risk management, credit risk management, liquidity risk management and operating risk management systems reviewed by the Audit Committee and approved by the Board of Directors.
- (3) Risk Management Dept. shall submit the risk management report to various supervisors in the following manner to ensure that it may control the various risks encountered by the Company in a timely manner, completely and thoroughly.
- A. Daily: Market risk information
- B. Weekly: Credit risk information
- C. Monthly: Market liquidity risk information, fund liquidity risk information, operating risk information, capital adequacy ratio, and centralized risk information
- (4) Risk Management Dept. shall report the following issues to Audit Committee and Board of Directors:
- A. Risk management execution report;
- a. Overview of execution of the risk management mechanism;
- b. Overview of market risk;
- c. Overview of credit risk;
- d. Overview of market liquidity risk;
- e. Overview of fund liquidity risk;
- f. Overview of operational risk;
- g. Overview of centralized risk;
- h. Overview of position of the financial derivatives;
- i. Overview of capital adequacy ratio.

- j. Overview of subsidiary companies's the risk management.
 - B. Other important risk responsibilities
- 5. According to the "Regulations Governing Appraisal on Performance of the Board of Directors (Functional Committee), the Company retained the external professional independent organization, Taiwan Corporate Governance Association, to complete the appraisal on functions of the Board of Directors (including performance) on December 27, 2018. The appraisal was conducted on the formation, guidance, authorization, supervision and communication of the Board of Directors, internal control and risk management, self-discipline of the Board of Directors, and other aspects, such as directors' meetings and supporting systems, all of which were appraised positively.

General comments on assessment on Board of Directors' performance

- A. The Company took the initiative to select professionals to act as its independent directors to form the Audit Committee and Remuneration Committee ahead of peer companies before the relevant laws required the same, in order to declare its determination to fulfill the corporate governance operations.
- B. The Company's Board of Directors consist of 15 directors including 6 independent directors, accounting for 40% of the whole directors, in order to enhance the independence of the Board of Directors. The independent directors participate in the operations of functional committees, and supervise the trust and information business development subject to their personal expertise to exert the leading and supervising functions thoroughly.
- C. The Company's independent directors may have their own exclusive offices and secretaries. Secretariat Office is appointed to act as the parliamentary unit, where the corporate governance regulations and files are accessible by independent directors from time to time, in order to provide the abundant resources and supports required by the Board of Directors and functional committees to perform their duties.
- D. The Company is a subsidiary of Yuanta Financial Holdings. Therefore, it was supposed to be impossible for the Company to accept an external professional independent organization's requirement to conduct appraisal on performance of the Board of Directors. Notwithstanding, the Company still retained the independent organization to help assess the performance of the Board of Directors to demonstrate its aggressive attempt to continue upgrading the performance of the Board of Directors.

6. Stewardship Report

The investees' voting attended by the Company in 2019 is stated as following:

Motions at shareholders' meetings		Agree	%	Object	%	Abstain	%	Total
1	Recognition of the Company's Business Report and Financial Statements	882	100.0	0	0	0	0	882
2	Earnings Distribution Plan or Compensation for Deficit	885	100.0	0	0	0	0	885
3	Amendments to Articles of Incorporation or Operating Procedures	890	99.9	0	0	1	0.1	891
4	Election of Directors/Supervisors	366	100.0	0	0	0	0	366
5	Dismissal of Directors/Supervisor	1	100.0	0	0	0	0	1
6	Termination of Non-Competition Restriction Imposed on Directors	432	100.0	0	0	0	0	432
7	Issuance of New Restricted Employee Shares	32	100.0	0	0	0	0	32
8	Issuance of Employee Stock Options at Price Lower Than Market Price	0	0	0	0	0	0	0
9	Transfer of Treasury Stock to Employees at Price Lower Than Average Repurchase Price	2	100.0	0	0	0	0	2
10	Dissolution, Consolidation, Acquisition, Share Swap, or Splits	12	100.0	0	0	0	0	12
11	Capital increase (issuance of new shares upon recapitalization of earnings/capital surplus/bonus, or cash capital increase)	145	100.0	0	0	0	0	145
12	Securities in Private Placement	53	100.0	0	0	0	0	53
13	Capital Reduction/Cash Capital Reduction (Compensation for Deficit or Refund in Cash)	20	100.0	0	0	0	0	20
14	Exercise of Returning Right	0	0	0	0	0	0	0
15	Others	27	100.0	0	0	0	0	27
16	Extemporaneous Motion	3	100.0	0	0	0	0	3
Total		3,750	100.0%	0	0.0%	1	0.0%	3,751

Note: Attended the voting held by a total of 894 investees in 2019, for 3751 motions.

(IX) Disclosure of internal control system

1. Internal control declaration

Implementation of the internal control system of Yuanta Securities Co., Ltd.

Date: February 27, 2020

The following declaration was made based on the 2019 self-assessment of the Company's internal control policies:

- I. The Company is aware that the establishment, execution, and maintenance its internal control policies are the responsibility the Company's Board of Directors and Managers; such policies were implemented throughout the Company. The purpose of this system is to provide reasonable assurance in terms of business performance, efficiency (including profitability, performance, asset security etc), reliable, timely and transparent financial reporting, and regulatory compliance.
- II. Internal control policies are prone to limitations. No matter how robustly designed, effective internal control policies merely provide reasonable assurance to the achievements of the three goals above. Furthermore, environmental and situational changes may affect the effectiveness of internal control policies. However, self-supervision measures were implemented within the Company's internal control policies to facilitate immediate rectification once procedural flaws were identified.
- III. The Company evaluates the effectiveness of its internal control policy design and execution based on the criteria specified in "Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets" (hereinafter referred to as the "Regulations"). The criteria introduced by the "Regulations" consists of five major elements, each representing a different stage of internal control: 1. Control environment, 2. Risk evaluation and response, 3. Procedural control, 4. Information and communication, 5. Supervision. Each element further contains several items. Please refer to the Regulations for the details.
- IV. The Company has adopted the above-mentioned criteria to validate the effectiveness of its internal control design and execution.
- V. In 2019, when accepting the customer's application for opening the account of futures, the Company failed to advise the commission for the transaction and to deliver the accounting opening documents and written information to the customer timely. The subsidiary, Yuanta Securities (HK), failed to establish the re-check and assessment mechanism with respect to the statement required from the customers who invested in domestic stocks declaring that the inward funds are not remitted from the territories of Mainland China. Accordingly, the Company was held failing to practice the supervision and management of its subsidiary. The AML/CTF operations and assignment of personnel at its branch/division of the subsidiary, Yuanta Securities Finance, failed to satisfy the requirements under laws and regulations. All were ordered by the FSC to make corrections. The Company was held violating the futures management laws when processing futures brokerage and futures management concurrently. Further, when processing the foreign stock trading, the subsidiary, Yuanta Securities Korea, violated the customer due diligence requirements and fined by the competent authority NT\$480,000. Failed to attach to the contract the actual trade confirmation slip (including price) when processing the acquisition of Yuanta Securities and failed to report the adjustment on the contents of acquisition to the Board of Directors. Said deficiencies have been corrected already and, therefore, no effect would be produced to fulfillment of the entire internal control objectives.
- VI. Based on the assessments described above, the Company considers the design and execution

of its internal control system to be effective as at December 31, 2019. This system (including the supervision and management of subsidiaries) has provided assurance with regards to the Company's business results, target accomplishments, reliability, timeliness and transparency of reported financial information, and its compliance with relevant laws.

- VII. The Statement forms an integral part of the Company's annual report and prospectus and shall be made public. If the information listed above is fraudulent or deceptive to the point that is against the law, the company shall be held liable under Articles 20, 32, 171, and 174 of the Securities Exchange Act and Article 115 of the Futures Trading Act.
- VIII. The Statement was approved by the Company's Board of Directors meeting held on February 27, 2020. None of the 17 directors present at the meeting held any objections, and unanimously agreed to the contents of the Statement.

Yuanta Securities Co., Ltd.

Chairman: Hsiu-wei (Vincent) Chen

President: Wei-cheng (Bobby) Hwang

Issue-to-be-improved and Improvement of Internal Control System of Yuanta Securities

(Basis date: 12/31/2019)

Issue-to-be-improved	Improvement	Scheduled to Complete Improvement on
When accepting the customer's application for opening the account of futures, it failed to advise the commission for the transaction and to deliver the account opening documents and written information to the customer and, therefore, was held violating the Regulations Governing the Operation of Futures Introducing Broker Business by Securities Firms and ordered by the FSC to make corrections (under Jin-Guan-Zheng-Qi-Zi No. 1080302936 dated March 21, 2019).	<ol style="list-style-type: none"> 1. The personnel in violation of the rules were disciplined accordingly. 2. Strengthened the propagation and training about futures management laws and internal control requirements. 	Improvement completed.
The subsidiary, Yuanta Securities (HK), failed to establish the re-check and assessment mechanism with respect to customers who applied for opening new accounts or whose financial position appeared not to be commensurate with the transaction value, and with respect to the statement required from the customers who invested in domestic stocks declaring that the inward funds are not remitted from the territories of Mainland China. Accordingly, the Company was held failing to practice the supervision and management of its subsidiary and, therefore, was held violating Paragraph 2, Article 2 of the Regulations Governing Securities Firm and ordered by the FSC to make corrections (under Jin-Guan-Zheng-Quan-Zi No. 1080314991 dated October 5, 2019).	<ol style="list-style-type: none"> 1. Supervised the amendments to the "Operating Directions for Investment in Marketable Securities in Taiwan" and established the trading mechanism available to trading of Taiwan stocks. 2. Supervised the establishment of Taiwan stock monitoring control system and checking system. 	Improvement completed.
The AML/CTF operations and assignment of personnel at its branch/division of the subsidiary, Yuanta Securities Finance, failed to satisfy the requirements under laws and regulations. Therefore, it was held violating the Regulations Governing the Establishment of Internal Control Systems by Service Enterprises Division Futures Markets and	<ol style="list-style-type: none"> 1. Adjusted the AML/CFT customer risk assessment operations. 2. Employed additional 5 workers for the branch company. 	Improvement completed.

Issue-to-be-improved	Improvement	Scheduled to Complete Improvement on
ordered by the FSC to make corrections (under Jin-Guan-Zhen-Tou-Zi No. 1080319517 dated July 26, 2019).		
It failed to activate the level of authority for authorization of written application forms for transactions and, therefore, failed to satisfy the internal control system when concurrently engaging in proprietary trading of futures. Further, the deficiencies in design and execution of the internal control system resulted in failure to comply with the Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets. When engaging in the interest rate hedging transactions in response to the bond spot positions held by it securities department, the futures proprietary trading department failed to carry out its business and accounting affairs independently and, therefore, was held violating Paragraph 1, Article 2 of the Regulations Governing Futures Commission Merchants, thus it was fined NT\$480,000 by the FSC (under Jin-Guan-Zheng-Qi-Fa-Zi No. 1080306203 dated March 7, 2019).	<ol style="list-style-type: none"> 1. To define the related control measures in the “Operating Procedure for Controlling Proprietary Trading of Futures”. 2. The bond-related futures transactions were carried out via the futures traders’ accounts instead. 	Improvement completed.
When processing the foreign stock trading, the subsidiary, Yuanta Securities (Korea), violated the customer due diligence requirements and fined by the FSC of Korea 18 million KRW (about NT\$480,000)	<ol style="list-style-type: none"> 1. Establishment of CCF. 2. Enhancement of equity information confirmation procedure. 3. Enhancement of stock management procedures. 	Improvement completed.
Failed to expressly require in the contract that the actual trade confirmation slip (including price) shall be attached when processing the acquisition of Yuanta Securities; failed to report the adjustment on the acquisition framework to the Board of Directors.	Amended the “Notes to and Standard Operating Procedures for Mergers and Acquisitions of Yuanta Securities Co., Ltd..”	Improvement completed.

Issue-to-be-improved	Improvement	Scheduled to Complete Improvement on
It failed to report the legal action arising from the futures operations within 5 business days upon awareness of the same pursuant to the requirements, thus violating Paragraph 2, Article 9-2 of the Regulations Governing the Operation of Futures Introducing Broker Business by Securities Firms and ordered by the FSC to make corrections (under Jin-Guan-Zheng-Qi-Zi No. 1080334734 dated October 30, 2019).	1. Engage in propagation to all workers. 2. Control the timeliness of cases precisely in the future.	Improvement completed.

2. The internal control audit report issued by the CPA commissioned to conduct an internal control audit: Not applicable

(X) Punishment of the company or its internal personnel in accordance with law, the company's punishment of its internal personnel for violating internal control system regulations, main deficiencies, and improvements during the most recent year and up to the date of publication of this annual report.

1. The Company failed to activate the level of authority for authorization of written application forms for transactions and, therefore, failed to satisfy the internal control system when concurrently engaging in proprietary trading of futures. Further, the deficiencies in design and execution of the internal control system resulted in failure to comply with the Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets. When engaging in the interest rate hedging transactions in response to the bond spot positions held by the Company's securities department, the futures proprietary trading department failed to carry out its business and accounting affairs independently. Therefore, the Company was held violating Paragraph 1 and Paragraph 2 of Article 2 of the "Regulations Governing Futures Commission Merchants" and Article 26 of the Standards Governing the Establishment of Futures Commission Merchants and, therefore, was fined NT\$480,000 pursuant to the subparagraph 2, Paragraph 1 of Article 119 of the Futures Trading Act. (Written Decision under Jin-Guan-Zheng-Qi-Fa-Zi No. 1080306203 dated March 7, 2019)

Improvement:

- A. To define the related control measures in the "Operating Procedure for Controlling Proprietary Trading of Futures".
- B. The bond-related futures transactions were carried out via the futures traders' accounts instead.
2. When accepting the customer's application for opening the account of futures, the Company's Dali Branch failed to advise the commission for the transaction and to deliver the accounting opening documents and written information to the customer timely.

Therefore, the Company was held violating Paragraph 2 of Article 29 of the “Regulations Governing the Operation of Futures Introducing Broker Business by Securities Firms” and was ordered to make corrections in accordance with Article 100 of the “Futures Trading Act.” (Letter Jin-Guan-Zheng-Qi-Zi No. 1080302936 dated March 21, 2019)

Improvement:

- A. The personnel in violation of the rules were disciplined accordingly.
 - B. Strengthened the propagation and training about futures management laws and internal control requirements.
3. The overseas investee of the Company (Yuanta Securities (HK)) failed to establish the re-check and assessment mechanism with respect to customers who applied for opening new accounts or whose financial position appeared not to be commensurate with the transaction value, and also failed to establish the checking mechanism with respect to the statement required from the customers who invested in domestic stocks declaring that the inward funds are not remitted from the territories of Mainland China. Accordingly, the Company should be held failing to practice the supervision and management of its subsidiary. Therefore, the Company was held against Paragraph 2 of Article 2 of the “Regulations Governing Securities Firms” and was ordered to make correction pursuant to Article 65 of the “Securities and Exchange Act”. (Letter Jin-Guan-Zheng-Quan-Zi No. 1080314991 dated October 5, 2019)

Improvement:

- A. Supervised the amendments to the “Operating Directions for Investment in Marketable Securities in Taiwan” and established the trading mechanism available to trading of Taiwan stocks.
- B. Supervised the establishment of Taiwan stock monitoring control system and checking system.

(XI) Shareholder meeting(s) and significant board resolutions during the most recent year and up to the date of publication of this annual report.

1. Resolution made at 33rd meeting of 9th Board of Directors on January 24, 2019:
To amend the Company’s “Articles of Incorporation” in part. (Exercise the power on behalf of shareholders’ meeting)
2. Resolution made at 34th meeting of 9th Board of Directors on March 7, 2019:
To amend the certain contents of the Company’s “Operating Procedure for Acquisition and Disposal of Assets,” “Operating Procedure for Trading Derivatives” and “Regulations Governing Financial and Business Matters Between the Company and its Affiliated Enterprises”. (Exercise the power on behalf of shareholders’ meeting)
3. Resolution made at 35th meeting of 9th Board of Directors on March 25, 2019:
 - (1) To elect the Company’s Chairman and Vice Chairman.
 - (2) For allocation of the Company’s 2018 earnings.
 - (3) For donation to the stakeholder, Yuanta Foundation and the self-disciplined counterpart, Yuanta-Polaris Research Institute.

- (4) To re-consider the price for acquisition of the equity held by the stakeholder, Yuanta Financial Holdings, in Yuanta Securities Finance in whole.
4. Resolution made at 36th meeting of 9th Board of Directors on March 29, 2019:
To transfer managers. (Transfer of President)
5. Resolution made at 37th meeting of 9th Board of Directors on April 24, 2019:
To propose the succession of the Company's subsidiary, Yuanta Securities Finance, to the equity and related creditor's right in the loan secured by margin trading and short sale, refinancing and marketable securities of Fuhwa Securities Finance.
6. Resolution made at 38th meeting of 9th Board of Directors on May 6, 2019:
 - (1) To amend the Company's "Articles of Incorporation" in part. (Exercise the power on behalf of shareholders' meeting)
 - (2) To work with the five stakeholders including Yuanta Bank to complete the "Urban Renewal Plan" of the Company's real property, Tatung Building.
 - (3) To appoint the Company's Chief Corporate Governance Officer.
 - (4) To terminate the non-competition restriction imposed on the Company's managers.
 - (5) For termination of non-competition restriction imposed on the Company's Director & President, Wei Cheng Huang. (Exercise the power on behalf of shareholders' meeting)
7. Resolution made at 39th meeting of 9th Board of Directors on May 30, 2019:
 - (1) For termination of non-competition restriction imposed on the Company's Director & President, Wei Cheng Huang. (Exercise the power on behalf of shareholders' meeting)
 - (2) For the merger of the Company's overseas investees, Polaris Securities (Hong Kong) and Yuanta Asia Investment.
 - (3) For the capital increase by IDR6 billion in PT Yuanta Asset Management, a subsidiary of PT Yuanta Sekuritas Indonesia, an overseas investee of the Company, by PT Yuanta Sekuritas Indonesia.
8. Resolution made at 1st meeting of 10th Board of Directors on June 1, 2019:
To elect the Company's Chairman and Vice Chairman.
9. Resolution made at 2nd meeting of 10th Board of Directors on June 27, 2019:
 - (1) The Company's 2018 Business Report and Financial Statements (Exercise the power on behalf of shareholders' meeting)
 - (2) For allocation of the Company's 2018 earnings. (Exercise the power on behalf of shareholders' meeting)
 - (3) For termination of non-competition restriction imposed on the Company's Independent Director Ching Shan Hung, Independent Director Nai Kuan Huang, Director Yueh Tsang Lee, and Director Wei Cheng Huang. (Exercise the power on behalf of shareholders' meeting)
 - (4) For liquidation of Yuanta Securities Holdings (BVI), an overseas investee of the Company.
10. Resolution made at 3rd meeting of 10th Board of Directors on July 23, 2019:
 - (1) To amend the Company's "Articles of Incorporation" in part. (Exercise the power on

behalf of shareholders' meeting)

(2) To amend the Company's 2018 Statement on Internal Control System.

11. Resolution made at 4th meeting of 10th Board of Directors on August 22, 2019:

(1) For no earnings to be distributed in the first half of 2019.

(2) For changing the Company's spokesman and deputy spokesman registered with the competent authority.

12. Resolution made at 6th meeting of 10th Board of Directors on November 5, 2019:

(1) For the Company's issuance of new shares upon recapitalization of special reserve.
(Exercise the power on behalf of shareholders' meeting)

(2) For the cash capital reduction in Yuanta Hong Kong Holdings (Cayman), an overseas investee of the Company.

(3) Amendments to certain articles of the Company's "Operating Procedure for Acquisition and Disposal of Assets of Yuanta Securities Co., Ltd.." (Exercise the power on behalf of shareholders' meeting)

13. Resolution made at 7th meeting of 10th Board of Directors on November 28, 2019:

(1) For the additional donation of NT\$5.4 million to the stakeholder, Yuanta Foundation.

(2) For investment in the Start-up Venture Fund entitled "Kiwoom-Yuanta 2019 Scale-up Fund" (preliminarily) and common partnership thereof by Yuanta Securities Investment Consulting, an overseas investee of the Company. (Exercise the power on behalf of shareholders' meeting)

14. Resolution made at 8th meeting of 10th Board of Directors on December 26, 2019
Resolution:

For the capital increase by VND500 billion in Yuanta Securities (Vietnam) Joint Stock Company by the Company's overseas investee, Yuanta Securities Asia Financial Services.

(XII) Recorded or written statements made by any director or supervisor which specified dissent to important resolutions passed by the board of directors during the most recent year and up to the date of publication of this annual report: None

(XIII) Resignation and discharge of the chairman, president, accounting officer, finance officer, auditing officer, and R&D officer during the most recent year and up to the date of publication of this annual report:

Summary of resignation or dismissal of the Company's related personnel

Baseline date: January 31, 2020

Title	Name	Date of Appointment	Date of Dismissal	Cause of resignation or dismissal
Chairman	Ming-hong (Ted) Ho	2014/06/27	2019/03/25	Transfer
Chairman	Ting-chien (Tony) Shen	2019/03/25	2019/06/01	Resigned
President	Chi-chang Chen	2015/06/26	2019/03/29	Transfer

Note: The Company's related personnel refer to Chairman of Board, President, accounting managers, financial managers, internal audit managers and R&D managers, et al.

IV. Independent auditor fees

Name of auditing firm	Names of auditors		The audited period	Remarks
PriceWaterhouseCoopers	Chiao-sen (Jason) Lo	Se-kai (Sk) Lin	2019/01/01~2019/12/31	Note

Note: In response to the internal organizational adjustment of Pricewaterhouse Coopers Certified Public Accountants, since Q1 of 2019 (inclusive), the independent auditors of financial statements were changed from Pao-Ju Kuo, CPA and Se-Kai Lin, CPA into Chiao-Sen(Jason) Lo, CPA and Se-Kai Lin, CPA.

Amount: NT\$ thousand

Price Range		Fees	Audit Fees	Non-audit fees	Total
1	Less than \$2,000 thousand				
2	\$2,000 (inclusive) thousand ~ \$4,000 thousand			✓	
3	\$4,000 thousand (inclusive) ~ \$6,000 thousand				
4	\$6,000 thousand (inclusive) ~ \$8,000 thousand				
5	\$8,000 thousand (inclusive) ~ \$10,000 thousand		✓		
6	More than \$10,000 thousand (inclusive)				✓

(I) Disclosure of non-audit fees paid to independent auditing firm and its affiliates, and their origin, if said fees represent one quarter (1/4) or more of audit fees:

Name of auditing firm	Names of auditors	Audit Fee	Non-audit fees					The audited period	Remarks
			System design	Commercial registration	Human resources	Other	Subtotal		
Price Waterhouse Coopers	Chiao-sen (Jason) Lo	8,200	-	-	-	3,735	3,735	2019/1/1~2019/12/31	Profit-seeking business tax administrative remedy & tax service, et al.
	Se-kai (Sk) Lin								

(II) Change in independent auditing firm resulting to a reduction in auditing fees: N/A

(III) Reduction in audit fees by more than 10% compared with the previous year: N/A

V. Change in status of independent auditors:

I. About the former CPA

Date of replacement	Approved by the Board of Directors on January 24, 2019		
Cause and Notes	To be in line with the work shift required by the CPA firm		
To specify whether the client or CPA terminates or rejects the appointment	Counterpart	Kuo, Pao-Ju, CPA,	Client
	Status		
	Terminate the appointment voluntarily	✓	
	No longer accept (continue) the appointment		
Issuance of the audit report other than the audit report containing unqualified opinions in the most recent two years, and cause thereof			
Disagree with the Company?	Yes		Accounting principles or practices
			Disclosure of financial report
			Scope or steps of audit
			Others
	None	✓	
	Notes		
Other disclosures (To be disclosed under the subparagraphs 6.1(4)~(7) of Article 10 of the Standards.)			

II. About the successor CPA

Firm name	PriceWaterhouseCoopers
Name of accountant	Chiao Sen Lo CPA
Date of Appointment	Approved by the Board of Directors on January 24, 2019.
Consultation about the accounting treatment of or application of accounting principles to a specific transaction or the type of audit opinion that might be rendered prior to the formal engagement, and the consultation result.	None
Written opinion from the successor CPA regarding the matters disagreed by the former CPA	None

III. The former CPA's response to the items referred to in the subparagraphs 6(1) and (2)3 of Article 10 of the Standards. NA

VI. Name of Auditing Firm or Its Affiliates at Which the Company's Chairman, President, or Managers Responsible for Financial or Accounting Matters Was an Employee over the Past Year, His/Her Position and Employment Period: None

VII. Change in shares held and pledged by directors, supervisors, managers, and major shareholders holding over 10% of outstanding shares:

(I) Change in shareholdings of directors, supervisors, managers, and major shareholders:

Title (Note 1)	Name	2019		Ending Jan. 31 2020	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Chairman	Yuanta Financial Holding Co., Ltd. Representative: Hsiu-wei (Vincent) Chen	376,387,908	-	-	-
Deputy Chairman	Yuanta Financial Holding Co., Ltd. Representative: Ming-hong (Ted) Ho				
Director	Yuanta Financial Holding Co., Ltd. Representative: Ting-chien (Tony) Shen				
Director	Yuanta Financial Holding Co., Ltd. Representative: Wei-cheng (Bobby) Hwang				
Director	Yuanta Financial Holding Co., Ltd. Representative: Ku-pin Huang				
Director	Yuanta Financial Holding Co., Ltd. Representative: Yueng-lin Ma				
Director	Yuanta Financial Holding Co., Ltd. Representative: Yueh-tsang Lee				
Director	Yuanta Financial Holding Co., Ltd. Representative: Yow-chih Huang				
Director	Yuanta Financial Holding Co., Ltd. Representative: Ching-kuang Shen				
Director	Yuanta Financial Holding Co., Ltd. Representative: Lung-fan Lin				
Director	Yuanta Financial Holding Co., Ltd. Representative: Jui-chen Ma				
Director	Yuanta Financial Holding Co., Ltd. Representative: Yong-zhi Su				
Independent Director	Yuanta Financial Holding Co., Ltd. Representative: Ching-shan Hung				
Independent Director	Yuanta Financial Holding Co., Ltd. Representative: Yu-qun Wu				
Independent Director	Yuanta Financial Holding Co., Ltd. Representative: Tu-mu Kuo				
Independent Director	Yuanta Financial Holding Co., Ltd. Representative: Kun-hung Lai				
Independent Director	Yuanta Financial Holding Co., Ltd. Representative: Hsing-yi Chow				
President	Wei-cheng (Bobby) Hwang	-	-	-	-
Executive Vice President	Shao-hsing Kung	-	-	-	-
Executive Vice President	Ming-lang Liu	-	-	-	-
Executive Vice President	Ya-bin Li	-	-	-	-
Executive Vice President	Xin-hui Tseng	-	-	-	-
Executive Vice President	Feng-hsiang Kuo	-	-	-	-
Executive Vice President	Mei-ling Guo	-	-	-	-
Senior Vice President	Kuang-chi She	-	-	-	-
Senior Vice President	Hung-chan Tseng	-	-	-	-
Senior Vice President	Chun-cheng Cheng	-	-	-	-
Vice President	Yi-wun Ma	-	-	-	-
Assistant Vice President	Hisao-yen Chung	-	-	-	-
Investment Banking Department, Senior Vice President	Shu-hua Jiang	-	-	-	-
Investment Banking Department, Vice President	Pei-chen Lin	-	-	-	-
Investment Banking Department, Vice President	Jia-yu Weng	-	-	-	-
Investment Banking Department, Vice President	Rui-hua Huang	-	-	-	-
Investment Banking Department, Senior Assistant Vice President	Mei-ying Huang	-	-	-	-
Investment Banking Department, Senior Assistant Vice President	Yu-tien Lin	-	-	-	-

Title (Note 1)	Name	2019		Ending Jan. 31 2020	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Investment Banking Department, Senior Assistant Vice President	Cho-wei Chou	-	-	-	-
Investment Banking Department, Senior Assistant Vice President	Hsiu-mei Cheng	-	-	-	-
Investment Banking Department, Senior Assistant Vice President	Yu-Zneh Huang	-	-	-	-
Investment Banking Department, Senior Assistant Vice President	Chung-Lin Chou	-	-	-	-
Investment Banking Department, Senior Assistant Vice President	Ling-hui Xu	-	-	-	-
Investment Banking Department, Assistant Vice President	Pei-tzu Tsai	-	-	-	-
Investment Banking Department, Assistant Vice President	Ju-fang Hsiao	-	-	-	-
Investment Banking Department, Assistant Vice President	Xiu-yue Luo	-	-	-	-
Investment Banking Department, Assistant Vice President	Hua-ling Chang	-	-	-	-
Investment Banking Department, Assistant Vice President	Sheng-tan Wu	-	-	-	-
Investment Banking Department, Assistant Vice President	Chih-hsien Chen	-	-	-	-
Investment Banking Department, Assistant Vice President	Po-wei Chen	-	-	-	-
Investment Banking Department, Assistant Vice President	Hsiang-Han Lien	-	-	-	-
Investment Banking Department, Assistant Vice President	Ke-cheng Huang	-	-	-	-
Derivatives Department, Senior Assistant Vice President	Cui-shan Xu	-	-	-	-
Derivatives Department, Assistant Vice President	Yin-pei Wu	-	-	-	-
Derivatives Department, Assistant Vice President	Yun-Lung Wu	-	-	-	-
Derivatives Department, Assistant Vice President	Siang-bin Luo	-	-	-	-
Derivatives Department, Assistant Vice President	Zong-xuan Yang	-	-	-	-
Fixed Income Department, Senior Assistant Vice President	Jun-chih Lien	-	-	-	-
Fixed Income Department, Senior Assistant Vice President	Ming-xian Lou	-	-	-	-
Fixed Income Department, Senior Assistant Vice President	Chih-heng Wang	-	-	-	-
Fixed Income Department, Senior Assistant Vice President	Jun-hong Lin	-	-	-	-
Fixed Income Department, Senior Assistant Vice President	Feng-ping Yuan	-	-	-	-
Quantitative Trading Department, Vice President	Kao-yi Su	-	-	-	-
Quantitative Trading Department, Senior Assistant Vice President	Teng-chi Huang	-	-	-	-
Quantitative Trading Department, Assistant Vice President	Wan-wen Zhan	-	-	-	-
Quantitative Trading Department, Assistant Vice President	Sheng-yu Chen	-	-	-	-
Proprietary Trading Department, Senior Vice President	Yu-shun Yang	-	-	-	-
Proprietary Trading Department, Vice President	Chen-yuan Yang	-	-	-	-
Institutional Group, Senior Vice President	Jing-ru Li	-	-	-	-
Institutional Group, Senior Assistant Vice President	Judy Chang	-	-	-	-
Institutional Group, Senior Assistant Vice President	Shi-qiang Lin	-	-	-	-
Institutional Group, Senior Assistant Vice President	Qun-jie Lin	-	-	-	-
Institutional Group, Assistant Vice President	Yong-sheng Wang	-	-	-	-
Institutional Group, Assistant Vice President	Yuan-chun Fu	-	-	-	-

Title (Note 1)	Name	2019		Ending Jan. 31 2020	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
International Finance Department, Senior Vice President	Hsien-ling Yeh	-	-	-	-
International Finance Department, Vice President	Wei-zhen Zhang	-	-	-	-
International Finance Department, Vice President	Xiu-hui Meng	-	-	-	-
International Finance Department, Vice President	Mei-xiang Huang	-	-	-	-
International Finance Department, Vice President	Wei-yun Cheng	-	-	-	-
International Finance Department, Vice President	Yi-cheng Liao	-	-	-	-
International Finance Department, Senior Assistant Vice President	Bo-hong Liu	-	-	-	-
International Finance Department, Senior Assistant Vice President	Hui-yi Liu	-	-	-	-
International Finance Department, Senior Assistant Vice President	Rui-zhu Huang	-	-	-	-
International Finance Department, Assistant Vice President	Chin-wen Wu	-	-	-	-
International Finance Department, Assistant Vice President	Chia-yi Lin	-	-	-	-
International Finance Department, Assistant Vice President	Kuo-pin Yang	-	-	-	-
International Finance Department, Assistant Vice President	Jia-hua Hsu	-	-	-	-
International Finance Department, Assistant Vice President	Yi-xiu Zhan	-	-	-	-
International Finance Department, Assistant Vice President	Yu-zhen Tang	-	-	-	-
Wealth Management Department, Senior Assistant Vice President	Bing-lian Gao	-	-	-	-
Wealth Management Department, Assistant Vice President	Jian-ming Zeng	-	-	-	-
Investment Consulting Department, Manager	Zhen-yuan Huang	-	-	-	-
Channel Business Department, Vice President	Jun-jie Huang	-	-	-	-
Channel Business Department, Senior Vice President	Kang Wengli	-	-	-	-
Risk Management Department, Senior Assistant Vice President	Shi-qiang Li	-	-	-	-
Risk Management Department, Assistant Vice President	Wei-cheng Chuang	-	-	-	-
Risk Management Department, Assistant Vice President	Wei-jing Qian	-	-	-	-
International Operations Department, Assistant Vice President	Tai-yuan Dai	-	-	-	-
International Operations Department, Vice President	Hsi-ying Chen	-	-	-	-
International Operations Department, Vice President	Yao-cheng Kuo	-	-	-	-
International Operations Department, Vice President	Tung-tai Yu	-	-	-	-
International Operations Department, Senior Assistant Vice President	Wen-ping Shih	-	-	-	-
International Operations Department, Senior Assistant Vice President	Chun-ching Chang	-	-	-	-
International Operations Department, Assistant Vice President	Chin-shou Wang	-	-	-	-
Registrar & Transfer Department, Senior Assistant Vice President	Zhe-ru Zhu	-	-	-	-
Corporate Planning Department, Senior Manager	Jian-wen Chen	-	-	-	-
Internal Audit Department, Senior Vice President	Chen-hsiang Wu	-	-	-	-
Internal Audit Department, Vice President	Yen-ying Liu	-	-	-	-
Internal Audit Department, Vice President	Zhi-qi Liu	-	-	-	-
Board Secretary Office, Senior Manager	Hsiang-Yi Chang	-	-	-	-

Title (Note 1)	Name	2019		Ending Jan. 31 2020	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Legal Department, Senior Manager	Li-ying He	-	-	-	-
Legal Compliance Department, Vice President	Song-shan Zhao	-	-	-	-
Legal Compliance Department, Assistant Vice President	Huan-wei Su	-	-	-	-
Human Resources Department, Senior Assistant Vice President	Jing-fang Lin	-	-	-	-
Human Resources Department, Assistant Vice President	Xiu-fei Chen	-	-	-	-
Information System Management Department, Senior Assistant Vice President	Fang-ming Luo	-	-	-	-
Information System Development Department, Vice President	Ying-ling Chen	-	-	-	-
Information System Development Department, Senior Assistant Vice President	Zong-xi Wang	-	-	-	-
Information System Development Department, Senior Assistant Vice President	Chih-ling Hsu	-	-	-	-
Information System Development Department, Senior Assistant Vice President	Yong-hsien Chang	-	-	-	-
Information System Development Department, Senior Assistant Vice President	Shu-yen Tsai	-	-	-	-
Information System Development Department, Senior Assistant Vice President	Yu-mei Chang	-	-	-	-
Information System Development Department, Assistant Vice President	Wen-liang Huang	-	-	-	-
Information System Development Department, Assistant Vice President	Min-zhe Jian	-	-	-	-
Information System Development Department, Assistant Vice President	Ming-zheng Li	-	-	-	-
Administration and Labor Safety & Health Department, Vice President	Bo-ching Li	-	-	-	-
Administration and Labor Safety & Health Department, Assistant Vice President	Xian-jun Li	-	-	-	-
Finance Department, Vice President	Wen-ching Hsu	-	-	-	-
Finance Department, Assistant Vice President	Yu-ling Chu	-	-	-	-
Accounting Department, Senior Assistant Vice President	Shi-zhen Huang	-	-	-	-
Accounting Department, Assistant Vice President	Hui-ju Chuang	-	-	-	-
Accounting Department, Assistant Vice President	Ling-fang Hsu	-	-	-	-
E-commerce Department, Senior Assistant Vice President	Sheng-hui Yang	-	-	-	-
Operations Center, Senior Vice President	Shih-huan Chang	-	-	-	-
Operations Center, Vice President	Ching-jen Chen	-	-	-	-
Operations Center, Vice President	Li-hua Yang	-	-	-	-
Operations Center, Senior Assistant Vice President	Ming-chou Wei	-	-	-	-
Operations Center, Senior Assistant Vice President	Yu-lan Tsai	-	-	-	-
Operations Center, Senior Assistant Vice President	Shu-lin Chen	-	-	-	-
Operations Center, Assistant Vice President	Hui-ding Huang	-	-	-	-
Business Superintendence, Senior Vice President	Yuan-shan Lin	-	-	-	-
Business Superintendence, Senior Vice President	Cheng-chuan Chiu	-	-	-	-
Business Superintendence, Senior Vice President	Chien-hua Wu	-	-	-	-
Business Superintendence, Vice President	Ming-tsan Liao	-	-	-	-
Business Superintendence, Vice President	Tsui-hua Hou	-	-	-	-
Business Superintendence, Vice President	Chen-wen Hua	-	-	-	-
Business Superintendence, Vice President	Chih-hao Feng	-	-	-	-

Title (Note 1)	Name	2019		Ending Jan. 31 2020	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Business Superintendence, Vice President	Lieh-hsiung Chen	-	-	-	-
Business Superintendence, Vice President	Hsin-liang Lin	-	-	-	-
Business Superintendence, Vice President	Chao-ming Hung	-	-	-	-
Business Superintendence, Vice President	Yun-ping Huang	-	-	-	-
Business Superintendence, Senior Assistant Vice President	Cheng-hung Fu	-	-	-	-
Brokerage Department Manager	Gang Fan	-	-	-	-
Bade Branch Manager	Hsiu-fen Lin	-	-	-	-
Sanchong Branch Manager	Wen-Hsiao Yu	-	-	-	-
Shangxinzhuan Branch Manager	Nengn-zhong Chiu	-	-	-	-
Tucheng Branch Manager	Fu-te Lin	-	-	-	-
Tucheng Yongning Branch Manager	Teh-chien Yu	-	-	-	-
Tucheng Xuefu Branch Manager	Tsung-kuo Wang	-	-	-	-
Shilin Branch Manager	Chien-hsi Hu	-	-	-	-
Datianmu Branch Manager	Shu-jiuan Chen	-	-	-	-
Dajia Branch Manager	Po-chien Hung	-	-	-	-
Datong Branch Manager	Jin-ji Li	-	-	-	-
Daan Branch Manager	Zhong-min Kang	-	-	-	-
Dali Branch Manager	Chen-chen Ma	-	-	-	-
Dali Defang Branch Manager	Pin-chen Chen	-	-	-	-
Dasongshan Branch Manager	Mei-hui Lin	-	-	-	-
Dayi Branch Manager	Ming-chun Hsieh	-	-	-	-
Datong Branch Manager	Cheng-mao Ni	-	-	-	-
Daya Branch Manager	Xiang-min Zeng	-	-	-	-
Dawan Branch Manager	Feng-nan Huang	-	-	-	-
Xiaogang Branch Manager	Sheng Huang	-	-	-	-
Zhonghe Branch Manager	Hung-yuan Chang	-	-	-	-
Zhongli Branch Manager	Chao-hsiang Chung	-	-	-	-
Renai Branch Manager	Ming-wen Tsou	-	-	-	-
Neihu Branch Manager	Ping-ju Lu	-	-	-	-
Liuhe Branch Manager	Yu-chin Li	-	-	-	-
Tainmu Branch Manager	Chi-min Wu	-	-	-	-
Taiping Branch Manager	Kun-tsung Chan	-	-	-	-
Wenxin Branch Manager	Yao-tsu Huang	-	-	-	-
Wenxin Xingan Branch Manager	Wei-chieh Hsia	-	-	-	-
Douliu Branch Manager	Huan-chang Hung	-	-	-	-
Muzha Branch Manager	Ching-yi Wang	-	-	-	-
Beisanchong Branch Manager	Mu-shan Li	-	-	-	-
Beitun Branch Manager	Suang-feng Chen	-	-	-	-
Beichenggong Branch Manager	Chung-chang Tseng	-	-	-	-
Beitou Branch Manager	Shih-chin Luo	-	-	-	-
Beigang Branch Manager	Shu-chuan Chan	-	-	-	-
Guting Branch Manager	Pei-heng Chuang	-	-	-	-
Taizhong Zhonggang Branch Manager	Ju-hsu Hung	-	-	-	-
Taichung Branch Manager	Shu-chen Hsieh	-	-	-	-
Taipei Branch Manager	Chen-jung Chen	-	-	-	-

Title (Note 1)	Name	2019		Ending Jan. 31 2020	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Tainan Branch Manager	Jun-jie Shen	-	-	-	-
Siwei Branch Manager	Pao-hui Hsu	-	-	-	-
Zuoying Branch Manager	Mei-xue Wang	-	-	-	-
Minsheng Branch Manager	Zi-xiu Lin	-	-	-	-
Minxiong Branch Manager	Tsui-ping Chang	-	-	-	-
Yonghe Branch Manager	Wen-pao Li	-	-	-	-
Yongkang Branch Manager	Ting-feng Wang	-	-	-	-
Xiangshang Branch Manager	Li-na Hsu	-	-	-	-
Chenggong Branch Manager	Yeh-hsiang Chin	-	-	-	-
Xizhi Branch Manager	Yung-hui Chen	-	-	-	-
Zhushan Branch Manager	Wen-hui Lin	-	-	-	-
Zhubei Branch Manager	Chien-hsing Hsiao	-	-	-	-
Zhudong Branch Manager	Wen-zheng Zhong	-	-	-	-
Zhunan Branch Manager	Mei-wen Chen	-	-	-	-
Zhuke Branch Manager	Chih-Yen Chen	-	-	-	-
Xitun Branch Manager	Hsin-pang Shih	-	-	-	-
Ximen Branch Manager	Kun-ming Xie	-	-	-	-
Xiluo Branch Manager	Hong-qing Li	-	-	-	-
Shalu Branch Manager	Hsiu-ju Huang	-	-	-	-
Jiali Branch Manager	Chen-chang Chiu	-	-	-	-
Fucheng Branch Manager	Yung-chen Wang	-	-	-	-
Zhongxiao Branch Manager	Ssu-kei Li	-	-	-	-
Zhongxiao Dingfu Branch Manager	Chih-jung Jao	-	-	-	-
Chengde Branch Manager	Shu-nu Chen	-	-	-	-
Dongmen Branch Manager	Hsu-chen Hou	-	-	-	-
Dongtai Branch Manager	Hsien-feng Chou	-	-	-	-
Donggang Branch Manager	Pang-ning Cheng	-	-	-	-
Donglu Branch Manager	Chih-hsiung Chen	-	-	-	-
Songshan Branch Manager	Wen-shan Yan	-	-	-	-
Songjiang Branch Manager	Chen-ming Lin	-	-	-	-
Banqiao Sanmin Branch Manager	Che-hsing Mei	-	-	-	-
Banqiao Branch Manager	Tien-yo Sun	-	-	-	-
Linsen Branch Manager	Zhi-de Zhao	-	-	-	-
Linyuan Branch Manager	Yue-jun Zhong	-	-	-	-
Hualien Branch Manager	Tsung-che Yang	-	-	-	-
Huwei Branch Manager	Rui-tian Hou	-	-	-	-
Jinmen Branch Manager	Chang-min Li	-	-	-	-
Jinhua Branch Manager	Jing-ya Chen	-	-	-	-
Changgung Branch Manager	Guan-rong Xu	-	-	-	-
Xinyi Branch Manager	Kuan-chih Chen	-	-	-	-
Qianjin Branch Manager	Peng-chih Fang	-	-	-	-
Nantun Branch Manager	Sheng-ming Hsiao	-	-	-	-
Nantou Branch Manager	Kui-hsiang Wang	-	-	-	-
Nanjian Branch Manager	Jung-tsai Liu	-	-	-	-
Nankan Branch Manager	You-fang Guan	-	-	-	-
Nanhai Branch Manager	Jung-kun Wu	-	-	-	-
Nanshijiao Branch Manager	Wen-qing Ye	-	-	-	-

Title (Note 1)	Name	2019		Ending Jan. 31 2020	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Pingtung Branch Manager	Tung-chieh Hsieh	-	-	-	-
Pingtung Minsheng Branch Manager	Cong-yi Kang	-	-	-	-
Pingnan Branch Manager	Ting-shen Wang	-	-	-	-
Yuanli Branch Manager	Bo-zhi Lin	-	-	-	-
Miaoli Branch Manager	Cheng-che Chung	-	-	-	-
Yuanlin Zhongshan Branch Manager	Hui-jung Chang	-	-	-	-
Yuanlin Branch Manager	Hsiu-ching Huang	-	-	-	-
Taoyuan Branch Manager	Xin-yong Deng	-	-	-	-
Taoxing Branch Manager	Guang-yue Zhang	-	-	-	-
Caotun Branch Manager	Yu-oh Hsu	-	-	-	-
Kaohsiung Branch Manager	Shih-Hsiung Lin	-	-	-	-
Keelung Branch Manager	Huo-shun Hung	-	-	-	-
Jilong Xiaoer Branch Manager	Shun-chih Yang	-	-	-	-
Chongde Branch Manager	Wen-tan Lin	-	-	-	-
Danshui Branch Manager	Cheng-liang Hou	-	-	-	-
Qingshui Branch Manager	Chun-de Lai	-	-	-	-
Juguang Branch Manager	Hui-shu Kuo	-	-	-	-
Lugang Branch Manager	Hung-chuan Chen	-	-	-	-
Bo-ai Branch Manager	Hsiao-pei Su	-	-	-	-
Shanhua Branch Manager	Shao-wei Wu	-	-	-	-
Fubei Branch Manager	Chung-yung Hsiao	-	-	-	-
Dunhua Branch Manager	Chih-yu Chen	-	-	-	-
Dunnan Branch Manager	Tsung-shang Chen	-	-	-	-
Jingmei Branch Manager	Chiu-jung Liu	-	-	-	-
Facai Branch Manager	Kuo-liang Chen	-	-	-	-
Huashan Branch Manager	Li-ching Huang	-	-	-	-
Kaiyuan Branch Manager	Ching-fu Chen	-	-	-	-
Hsinchu Branch Manager	Ya-jou Chen	-	-	-	-
Xinzhu Jingguo Branch Manager	Chien-min Yeh	-	-	-	-
Xinheping Branch Manager	Ying-hsiang Shen	-	-	-	-
Xindian Zhongzheng Branch Manager	Huai-chung Pan	-	-	-	-
Xinsheng Branch Manager	Hui-ying Wu	-	-	-	-
Xinzhuang Branch Manager	Jung-chien Chen	-	-	-	-
Xinying Branch Manager	Yong-jie Xie	-	-	-	-
Yangmei Branch Manager	Jen-ping Huang	-	-	-	-
Luzhu Branch Manager	Ching-yu Wu	-	-	-	-
Chiayi Branch Manager	Wei-jen, Chen	-	-	-	-
Changhua Branch Manager	Zheng-nan Yao	-	-	-	-
Zhanghan Minsheng Branch Manager	Pei-jin Li	-	-	-	-
Qishan Branch Manager	Zhen-zhong Luo	-	-	-	-
Fuying Branch Manager	Tai-yi Lai	-	-	-	-
Mengjia Branch Manager	Ssu-han Li	-	-	-	-
Fengshan Branch Manager	Pao-chi Hung	-	-	-	-
Fengzhong Branch Manager	Yao-wen Chang	-	-	-	-
Chaozhou Branch Manager	Zhen-yuan Liu	-	-	-	-
Xuejia Branch Manager	Jin-yi Chen	-	-	-	-
Shulin Branch Manager	Wen-shan Lu	-	-	-	-

Title (Note 1)	Name	2019		Ending Jan. 31 2020	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Toufen Branch Manager	Chin-hsien Chen	-	-	-	-
Guanqian Branch Manager	Ming-wen Lin	-	-	-	-
Longtan Branch Manager	Hao-jun Cheng	-	-	-	-
Guiren Branch Manager	Ching-hua Wang	-	-	-	-
Fengyuan Branch Manager	Mei-ling Huang	-	-	-	-
Fengyuan Zhanqian Branch Manager	Hsiao-chi Nien	-	-	-	-
Zhenbei Branch Manager	Chiao-chu Chang	-	-	-	-
Shuanghe Branch Manager	Teng-rui Chu	-	-	-	-
Luodong Branch Manager	Wei-chen Huang	-	-	-	-
Luzhou Branch Manager	Mu-xin Xu	-	-	-	-
Yingge Branch Manager	Chun-jie Liu	-	-	-	-
Xinyonghe Branch Manager	Li-hua Li	-	-	-	-
Major Shareholder	Yuanta Financial Holding Co., Ltd.	376,387,908	-	-	-

Note 1: If holding over 10% of the total shares of the financial holding corporation shall be remarked as a major shareholder and shall respectively enumerate such fact.

Note 2: In the event that the opposite party of share transfer or share pledge is a related party, please additionally fill up the following table.

(II) Information on transfer of equity: None

(III) Information on pledge of equity: None

VIII. Information regarding the relationship among the top-10 shareholders

Date: Jan. 31, 2020

Name	Shares held		Shareholding by spouse and minor children		Shareholding by nominee arrangement		Names and relationship of related parties as defined by SFA No. 6 among top 10 shareholders, their spouses, and second degree or closer blood relatives		Remarks
	Shares	Ownership (%)	Shares	Ownership (%)	Shares	Ownership (%)	Title (Name)	Relationship	
Yuanta Financial Holding Co., Ltd.	5,782,032,146	100%	-	-	-	-	-	-	-

IX. Consolidated Shareholdings

Unit: Shares; %

Date: Jan. 31, 2020

Investees (Note)	Investment by Yuanta		Investment by directors, supervisors, managers, and businesses under direct or indirect control		Total investment	
	Shares (1,000)	Ownership (%)	Shares (1,000)	Ownership (%)	Shares (1,000)	Ownership (%)
Yuanta International Insurance Brokers Co., Ltd.	500	100	—	—	500	100
Yuanta Securities Asia Financial Services Co., Ltd.	290,909	100	—	—	290,909	100
Yuanta Securities Finance Co., Ltd.	400,000	100	—	—	400,000	100

Note : Investments under equity method

Section Four

Financing Status

I. Capital and shareholding

(I) Sources of capital

1. Shares issued in the most recent year and as of the publication of the Annual Report

Date: Jan. 31, 2020

Month /year	Issue price	Authorized capital		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Source of capital	Capital increase by assets other than cash	Others
August 2017	\$ 10	6,720,000,000	67,200,000,000	5,405,644,238	54,056,442,380	Capital reduction 1,116,393,020	YFH stock offset against share payments	Note 1
December 2019	\$ 10	6,720,000,000	67,200,000,000	5,782,032,146	57,820,321,460	Special reserve 3,763,879,080	—	Note 2

Note 1. Approval Letter Jin-Guan-Yin-Kong-Zi No. 10600056440 dated June 13, 2017 and Approval Letter Jing-Shou-Shang-Zi No. 10601125090 dated August 31, 2017.

Note 2. Approval Letter Jing-Shou-Shang-Zi No. 10801193750 dated January 13, 2020.

2. Shares categorization

Date: Jan. 31, 2020

Category of shares	Outstanding shares	Authorized capital		Remarks
		Unissued shares	Total	
Common shares	5,782,032,146	937,967,854	6,720,000,000	-

(II) Shareholder structure

Date: Jan. 31, 2020

Shareholders Number	Governmental institutions	Financial institutions	Other institutions	Individuals	Foreign institutions and natural persons	Total
No. of shareholders	0	1	0	0	0	1
Shareholding	0	5,782,032,146	0	0	0	5,782,032,146
Holding percentage	0	100%	0	0	0	100%

(III) Equity dispersed situation

NT\$10 par

Date: Jan. 31, 2020

Shareholder ownership (unit: share)	Number of shareholders	Shares held	Ownership (%)
More 1,000,001	1	5,782,032,146	100%
Total	1	5,782,032,146	100%

(IV) Major shareholders

Date: Jan. 31, 2020

Item	Shares held	Ownership (%)
Shareholder name		
Yuanta Financial Holding Co., Ltd.	5,782,032,146	100%

(V) Market price per share, book value, earnings, dividends, and related information for the past two years

Unit: NT\$

Unit: NT\$

Year			2018 (Note 2)	2019	Year-to- Jan. 31, 2020 (Note4)
Item					
Market price per share	Highest		NA	NA	NA
	Lowest		NA	NA	NA
	Average		NA	NA	NA
Book value per share (Note 1)	Before distribution		19.41	17.39	17.48
	After distribution		18.27	(Note 3)	NA
Earnings per share	Weighted average Number of shares (1,000)		5,782,032	5,782,032	5,782,032
Dividends per share	Earnings per share	Before retrospective adjustment	1.64	1.56	0.10
		After retrospective adjustment	1.62	(Note 3)	NA
Return on investment	Cash dividend	Before retrospective adjustment	1.1397	(Note 3)	NA
		After retrospective adjustment	1.0655		
	Issuance of bonus shares	Issuance of earning	—	(Note 3)	NA
		Issuance of capital reserve	—	(Note 3)	NA
	Accumulated unpaid dividends		—	(Note 3)	NA
Market price per share	Price/Earnings (P/E) ratio		NA	NA	NA
	Price/dividend (P/D) ratio		NA	NA	NA
	Cash dividend yield		NA	NA	NA

Note 1: Please apply the number of the outstanding issued shares at year-end as the basis and specify it based on the distribution resolved by the shareholders' meeting next year.

Note 2: The Company acquired the whole equity of Yuanta Securities Finance on March 26, 2019, the record date for settlement. Said transaction refers to the reorganization of entities commonly controlled. Therefore, the Company has identified the entities as having been consolidated ab initio when preparing the financial statements for the previous period as required and re-prepared the financial statements for the previous period retroactively.

Note 3: Distribution of earnings in 2019 had not yet been resolved by the Board of Directors on behalf of a shareholders' meeting up to the date of publication of the annual report.

Note 4: Based on the financial figures self-assessed on January 31, 2019.

(VI) Yuanta's dividend policy and status of implementation

1. Dividend policy:

Yuanta Securities allocates dividends based on earnings from the year, while maintaining stable dividend on a year-to-year basis. The total proposed dividend by the board of directors in principle should not be less than 50% of net earnings for the year. If distributable earnings are lower than net earnings for that year, distributable earnings can be used as the basis of dividend distribution. The cash portion of the dividend shall not be less than 10% of the total dividend distributed.

2. Overview of implementation :

- (1) No distribution of the Company's earnings for the first half of 2019 was resolved at 4th meeting of 10th Board of Directors on August 22, 2019.
- (2) The motion for distribution of the Company's earnings for 2019 proposed to distribute

- the cash dividends to shareholders totaling NT\$5,259,591,839, subject to confirmation by resolution of the Board of Directors (on behalf of a shareholders' meeting).
- (3) The earnings distribution statement for the second half of 2019 is identical with that for 2019.

(VII) Impact on company financial results and EPS due to the issuance of bonus shares as proposed in the shareholders' meeting:

Distribution of 2019 earnings does not include stock dividends and therefore disclosure is not required.

(VIII) Remuneration to employees, directors and supervisors

1. The percentages or ranges with respect to employee, director, and supervisor compensation, as set forth in the company's articles of incorporation:

In order to encourage the employees and management team, if the Company has profit at the year's final accounting (namely, the earnings before tax prior to deduction of remuneration to employees), it shall reserve the amount sufficient to cover accumulated losses, if any. The remuneration to employees is allocated at the range from 0.01% to 5% from the remainder, if any. Further, the Company does not expressly define the percentage or range of the remuneration to directors/supervisors in the Articles of Incorporation.

2. The basis for estimating the amount of employee, director, and supervisor compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period :

The cost for remuneration to employees and directors/supervisors shall be stated as expenses and liabilities when it shall meet a legal obligation or constructive obligation and may be estimated reasonably. The significant difference in the amount allocated per resolution of a shareholders' meeting and the estimate, if any, shall be stated as the income for the next year.

3. Allocation of remuneration approved by the board of directors:

- (1) Remuneration to employees and directors/supervisors allocated in cash or in the form of stock:

The remuneration to employees which the Company planned to allocate in 2019 was NT\$ 39,525,043 and the remuneration to directors/supervisors NT\$0, both intended to be released in cash. Said amounts were not different from the expenses stated in 2019.

- (2) Distribution of employees' remuneration as a percentage to net profit after tax plus employees' total remuneration in the entity or individual financial statement for the current period: not applicable.

4. The actual distribution of remuneration to employees, directors, and supervisors for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized remuneration to employees, directors, or supervisors, please state the discrepancy, cause, and how it is treated:

Yuanta Securities's 2nd meeting of the 10th board of directors on June 27, 2019 (on behalf of the shareholders' meeting) resolved that employee bonus and remuneration to directors and supervisors should be allocated from earnings of 2018. As a result, NT\$ 36,773,704 was allocated as employee bonus in cash, and NT\$0 as remuneration to directors and supervisors. No discrepancy between the actual distribution of employee remuneration and that stated in the financial statement in 2018.

(IX) Information regarding Yuanta's repurchase of its own shares: Not applicable

II. Status of corporate bonds

(I) Outstanding and proposed corporate bonds:

Bond type		2019 1 st unsecured subordinated common corporate bonds
Date issued		June 6, 2019
Face value		NT\$1 million
Place of issuance and exchange		Not applicable
Issue price		The bonds are issued at full face value on the date issued.
Total amount		NT\$8.5 billion. Of which: Class A bonds: NT\$2.2 billion. Class B bonds: NT\$6.3 billion.
Interest rate		Class A bonds: Annual coupon rate of 1.25%. Class B bonds: Annual coupon rate of 1.40%.
Duration		Class A bonds: Term: 7 years, to mature on June 6, 2026. Class B bonds: Term: 10 years, to mature on June 6, 2029.
Guaranteeing institution		Not applicable
Trustee		Taipei Fubon Commercial Bank Co., Ltd.
Underwriting institution		Mega Securities
Certifying attorney		Yi Cheng Law Firm
Independent auditing firm		Pricewaterhouse Coopers Certified Public Accountants
Repayment method		1、Method of interest computing and payment: For the corporate bonds, simple interest is calculated based on the coupon rate and paid once a year starting on the date of issuance. Interest for every NT\$1 million worth of the corporate bonds is paid in a full New Taiwan Dollar amount and rounded to the nearest NT\$1.0. If the date of payment for principal or interest falls on a non-business day for banks at the place of payment, the principal and interest will be paid on the next business day, while no additional interest shall be paid. No additional interest for overdue payment shall be paid either when interest or principal are collected after maturity. 2、Principal repayment method: Principal for the corporate bonds shall be repaid in full at maturity as of the date issued.
Outstanding principal balance		NT\$8.5 billion.
Terms for redemption or early repayment		None
Restrictive terms		None
Name of credit rating organization, rating date, bond rating results		None
Other rights	Amount of the bonds already converted into (exchanged into or subscribed for) common shares, overseas depositary receipts, or any other securities until the date of publication of the annual report	None
	Issuance and conversion (traded or subscribed) regulations	None
Possible dilution of equity and impact on equity of existing shareholders due to issuance and conversion, trading or subscription rules, or issuance terms		None
Name of commissioned custodial institution for objects exchanged		None

(II) Corporate bonds - current portion

In 2019, and until the date of publication of the annual report, the Company has never issued any convertible corporate bonds.

(III) Issued convertible corporate bonds: None.

In 2019, and until the date of publication of the annual report, the Company has never

issued any convertible corporate bonds.

(IV) Issued exchangeable corporate bonds: None.

In 2019 and until the date of publication of the annual report, the Company has never issued any exchangeable corporate bonds.

(V) If the Company adopts the categorical reporting method for the raising and issue of common corporate bonds: N/A.

In 2019 and until the date of publication of the annual report, the Company has never raised or issued any common corporate bonds under the categorical reporting method.

(VI) Issued corporate bonds with warrants: N/A.

In 2019 and until the date of publication of the annual report, the Company has never issued any corporate bonds with warrants.

(VII) Information about private placement corporate bonds for the most recent three years: None

For the most recent three years and until the date of publication of the annual report, the Company has never issued any private placement corporate bonds.

III. Preferred shares

Not applicable in 2019.

IV. Global depository receipts (GDRs)

Not applicable in 2019.

V. Employee stock options: None.

Not applicable in 2019.

VI. Information about new restricted employee shares: None.

Not applicable in 2019.

VII. Mergers and acquisitions and shares issuance: None.

Not applicable in 2019.

VIII. Implementation of Capital Utilization Plan:

Any negotiable securities offering or private placement that has not yet been completed up to the last quarter before the publication of this annual report: None.

Plan(s) completed within the most recent three years but without significant benefits as yet: None.

Section Five

Operational Highlights

I. Business Activities

(I) Business Scope

1. Main business operations
 - A. Brokerage of securities listed on Taiwan Stock Exchange (TWSE)
 - B. Proprietary trading of TWSE-listed securities
 - C. Brokerage of securities listed on Taipei Exchange (TPEX)
 - D. Proprietary trading of TPEX-listed securities
 - E. Margin trading and short sale for the trading of securities
 - F. Underwriting of securities
 - G. Securities transfer services
 - H. Introducing brokerage for futures trading
 - I. Proprietary trading of securities-related futures
 - J. Brokerage of foreign securities via intermediate brokers
 - K. Short-term notes and bills
 - L. Trust businesses
 - M. Securities Investment Consulting
 - N. Other operations approved by the Financial Supervisory Commission of Taiwan

2. Revenue breakdown of major businesses

Unit: NT\$ thousand

Business	2018		2019	
	Revenue	%	Revenue	%
Brokerage	12,606,325	61.95	12,009,074	58.89
Proprietary trading	6,815,359	33.50	6,984,282	34.25
Underwriting	925,631	4.55	1,398,699	6.86
Total	20,347,315	100.00	20,392,055	100.00

3. Products and services currently offered by Yuanta Securities

The Company is a large-scale consolidated securities firm engaged in various securities finance businesses, including brokerage, proprietary trading, investment banking, bond, new financial derivatives, overseas trading, agency of stock affairs and wealth management and acceptance of orders to trade securities of TWSE and TPEX listed companies; credit trading services including securities margin loan, securities financing, loaning and securities lending, and brokerage for futures trading, sub-brokered foreign securities trading services, and operation of securities and financial derivatives transactions with own fund; guiding and assisting public companies to carry out IPOs in domestic(TWSE and TPEX) or foreign market, fund raising, underwriting of corporate bond, and professional consultation services about merger and acquisition of companies, company financial planning and consultation service; sellout and buyout of bonds, bills and asset-based securities and RS/RP; IPO of other securities-related issuance or listing (e.g. subscription for stock warrants), design and offering of structured notes; acting on behalf of public companies and assisting them to deal with stock affairs as a professional stock agent; sale of wealth management products and customer asst planning services.

4. Development plans for new products and services

The Company will cooperate in response to the relevant business lines allowed by the competent authority and continue developing new financial and wealth management products. The Company plans to issue the new financial products, such as leverage ETF, inverse ETN, and Equity-Linked Securities (ELS), in 2020 to provide customers with more diversified products and financial services, and increase the Company's benefits at the same time. Further, the Company will continue to improve the "Mr. Yuanta" APP functions, construct the new-generation e-trading, eYuanta (AP version of Mr. Yuanta), add the strategic trading platform, and e-trading platform for OTC products, in order to provide investors with more diversified investment tools and sound investment experience.

Furthermore, the Company will continue improving the variety and completeness of wealth management product lines and build the brand new private banking 2.0 wealth management service, so that customers are presented with wider options in asset allocation. The Company also strives to enhance brokerage, securities borrowing and lending, securities loaning, international financial business, investment banking, proprietary trading, bonds, and financial derivatives trading practices and to connect overseas trading platforms, in order to become a professional wealth management organization able to provide customers with the opportunities to control the global financial investment.

(II) Overview of business performance

1. Business overview and future prospects

Looking back on 2019, given the trade disputes between China and the USA, and Japan and Korea, Brexit and geopolitical risk, the global economic growth tended to be sluggish. OECD and IHS Global Insight (IHS) predicted that the global economic growth rate would be 2.9% (November 21, 2019) and 2.6% (December 16, 2019), respectively, in 2019. Domestically, in consideration of the factors, such as the phenomenon of order transfers derived from the Sino-US trade conflict, increasing investment moved back by outbound Taiwanese entrepreneurs and the increase in the investment in semi-conductor equipment, driving the domestic demand growth, the economic growth rate was expected to be 2.73% (January 21, 2020) in 2019. For the stock market, since TWSE weighted index made history by reaching 10,000 points in February 11, the index has stayed above 10,000 points. The index reached 11,997.14 points at the end of the year, increasing by 2,269.73 points throughout the year, i.e. an increase of 23.33%. The daily turnover of NT\$156.3 billion in 2019, a decrease by NT\$9.7 billion, the decrease range 5.86%, from NT\$166 billion in 2018. The averaged margin trade balance in the market serving as the private investors' indicator was decreased from NT\$227.9 billion in 2018 to NT\$178.5 billion in 2019, i.e. a decrease by NT\$49.4 billion, the decrease range 21.69%. According to the statistics gathered by TWSE, the profit sought by the whole securities firms was NT\$40.7 billion in 2019, i.e. a yearly increase rate of 38%, from NT\$29.5 billion in 2018. The Company sought the profit amounting to NT\$8.964 billion, i.e. 22% of the profit sought by the whole securities industry.

Looking forward to 2020, for the international economy, the 1st-stage agreement has been reached through negotiation between China and the USA. Besides, the Brexit situation has been clearer and clearer. The uncertain international factors seem to be

somewhat mitigated. This will be helpful to the global economy. OECD and IHS forecast that the global economic growth rates will be 2.9% and 2.5% in 2020, respectively. In consideration of the trading transfer and effect produced by the repatriation of investment capital, the domestic demand is expected to grow stably in Taiwan. Notwithstanding, the global economic outlook is still affected by the trade conflicts which remain unsolved. Besides, the domestic demand tends to be sluggish increasingly and the expansion momentum appears to become sluggish too in China. The Directorate-General of Budget, Accounting and Statistics thus forecast a 2.72% economic growth rate (November 29, 2019) in Taiwan for 2020. Given the adoption of related policies in the domestic securities market in 2020, the competent authority is expected to continue its previous policy to help the industrial development and successively release multiple new regulations, regulations, and policies, including the Draft of “New Wealth Management Program” released by FSC at the end of 2019, which consists of 19 permitted business lines for the three major businesses engaged in finance. In the meantime, certain parts of the Draft are expected to be promulgated and implemented prior to Q1 of this year at the earliest. Additionally, the sublaws, including the “Management, Utilization, and Taxation of Repatriated Offshore Funds Act,” “Regulations Governing the Financial Investment, Management, and Utilization of Repatriated Offshore Funds” and “Regulations on Industries Investment from Repatriated Offshore Funds” officially promulgated and enforced on August 15, 2019, are expected to expire for one year prior to the middle of August this year. Considering that the preferential tax rate 8% (10% since 2nd year until expiration of two years) will be allowed to the overseas capital repatriated within one year after said laws and regulations were promulgated, it is expected that before the middle of August this year, there will be considerable capitals moved back to Taiwan for investment, so as to promote the industrial upgrading, increase the employment opportunities and drive domestic economic development in Taiwan, thereby resulting in the increase in the government’s internal revenue indirectly. Besides, TWSE’s continuous trading system will be implemented since March 23 this year, and the intraday odd-lot trading is expected to be released in Q4 and the Association will promote reduction of the tax imposed on hedging transactions for warrants and clarification of the tax imposition on ETN issuers. As a result, the domestic capital market will develop in a more diversified manner and, therefore, this will help securities firms provide customers with more complete financial services.

In the future, Yuanta Securities will maintain a stable development policy. All of its brokerage channels have been transformed into wealth management channels. It will also continue to maintain traditional brokerage services, support the spirit of innovative and cross-industry development, expand domestic and overseas brokerage services, wealth management and domestic/overseas futures, and develop the private bank’s wealth management services, in order to transform it from the leading domestic securities firm into a regional securities firm in the Asia Pacific Region.

2. Relationships between up-, mid-, and down-streams of the industry

The Company engages in securities services, instead of up-stream, mid-stream and down-stream supplier of tangible raw materials & supplies and products.

3. Development trends and competition facing each business segment

(1) Brokerage services

Given the trade conflict between China and the USA, and the emerging variables in the international markets, the capital markets and various countries' stock markets have made significant adjustment. In the first half of the year, Taiwan's stock market was also in a state of drastic turmoil. Notwithstanding, the uncertain international factors were under mitigation in the second half of the year and, therefore, the global stock markets have been staging a rally gradually. TWSE weighted index continued to stay at above 10,000 points. The daily turnover of NT\$156.3 billion in 2019, declining by 6% from 2018. The Company continued to solidify its development of brokerage services, effectively controlled the customers engaged in TWSE stock exchange, provided customers with sufficient product details and real-time market information, activated the trading in the market, concerned the overview of transactions by accredited investors and medium-sized investors, provided adequate products and services, continued to develop external new securities accounts to inject new vigor to Taiwan stock. Meanwhile, to be in line with the extension of the day trading transaction tax cutting by the competent authority, the Company planned the related trading platforms, developed strategic transactions, fulfilled the risk control mechanisms, and paid attention to the overview of customers' earnings.

The Company owns the diversified customer structure and considerable managed assets in the market, which serves to be its solid base for development of various channel businesses and well-founded business development. The Company identifies the customer group structure subject to the customer's investment attributes to achieve the group management, and has the data analysis drive the policy for business promotion. During the period in which the annual stock dividends are distributed, the shareholdings health checkup service would analyze the dividend yield on the customers' stock and provide customers with comprehensive information. The Company also provides the customers with tailored securities loans for indefinite purpose, wealth management trust and insurance, trust and two-way securities lending with natural persons, overseas sub-brokerage and futures & options trading, and adequate products and well-founded services. In addition to the securities brokerage, the Company also satisfies the customers' need for wealth management to activate the customers' assets and create diversified revenues. Further, the Company provides the professional investors with customized wealth management and allocation services to satisfy their diversified needs for wealth management, develops customers with high contribution, upgrades the product inventory and flow transactions, and finds out the growth highlights for the diversified operating revenue and business.

Meanwhile, in consideration of the increasing proportion of e-trading, the Company continues to optimize various e-trading platforms. It not only continues to optimize the APP order placement interface and upgrade the AI stock selection, but also provide customers with sufficient market information. In October 2019, it added the futures order placement function to make one-stop service available to customers. In response to the competent authority's policy, the Company launched the continuous trading system in March 2020 in order to provide the stimulated platform services for the continuous trading in advance and help investors familiar with the

continuous trading earlier. By working with TWSE to provide the stimulated platform, the Company enhances the internal employees' training. The Company also organizes the presentations and investors seminars periodically, together with the propagation via social networks and sales' promotion, provide investors with the friendly experience and convenient services to be in line with the upcoming launch of the continuous trading system and also upgrade the dependency of e-platforms.

The Company expands the recruitment of new generation sales representatives dedicated to wealth management service, train their competency for various businesses, optimize the entire sales representatives' structure, make the entire corporate identity younger and more professional, and develop diversified customer bases. Meanwhile, by virtue of various projects and operation of social media, the Company also accesses the campus to solicit for the young investor groups. Integration of tangible and virtual functions to provide the value-added services and differentiated functions, deepen the development of young investor groups and strengthen the Company's brand identity.

The Company continues to manage the traditional brokerage operations and develops the growing and innovative businesses at the same time to practice the brokerage and wealth management double engines evenly to create diversified revenues. In the future, the Company will integrate the Group's domestic and overseas resources and various product business activities to provide different customers with diversified wealth management planning, adopt the grouping management, continue to broaden and deepen the financial service extensively, exert the complimentary effect of brokerage and wealth management, and become a leading securities firm with the most strengths in channels.

(2) Proprietary trading business

Without doubt, the year of 2019 is a stormy year for the global stock markets, including Taiwan stock market. Especially, the repeated Sino-US trade war, escalation of the Huawei event, and the geopolitical tensions made the global stock markets suffer significant volatility. Fortunately, Taiwan is considered as one of the countries benefited by the Sino-US trade war. As driven by the continuing inflow of foreign investment capital, TWSE stock index hit a record after 29 years.

Looking forward to 2020, as TWSE stock index still stays high, in addition to the Sino-US trade war expected to enter the second stage, the geopolitical uncertainty in the Middle East, and the sluggish economic growth in China, it is expected that TWSE stock index might suffer significant volatility this year. Therefore, we have to deal with this carefully. The 5G-related effects and phenomenon of order transfers from the mainland China are expected to persist and, therefore, drive the upstream and downstream supply chain's prosperity as the focus on TWSE stock index development.

Proprietary Trading Dept. closely works with research resources, in hopes of creating new and more excellent investment portfolio. Proprietary Trading Dept. owns the best stock investment team, insists on pursuing absolute rate of return under strict risk control, controls the investment trend and opportunity precisely, continues developing toward diversified layout and investment in the world's markets, and

constructs the investment team with forward-looking global view and excellent ability in investment.

(3) Quantitative trading services

Quantitative Trading Dept. has primarily engaged in various ETF, futures and options market making services at TWSE and TAIFEX, and dedicated to provide the market with reasonable quotations and trading liquidities.

Generally speaking, in 2019, Taiwan stock market followed the US stock market, appearing to grow, except that from May to August, the market suffered pullback and fluctuation due to the Sino-US trade war. After Q4, the index has hit the record successively, and the increase range of TWSE stock index was 23% throughout the whole year. Given the investment atmosphere keeping optimistic and the low hedging need, the daily turnover of the overall options market was only about 1.07 million lots, declining by 13.6% from the previous year. The implied volatility of TAIEX index options stayed low, only a 12.5% average throughout the year. Given the market turnover and volatility unfavorable to market makers, Quantitative Trading Dept. still takes the chance to engage in trading actively to maintain the earnings deservable from trading throughout the whole year.

On March 23, 2020, two new systems will be launched in the market, namely the continuous matching and futures quotation real-time disclosure. It is expected that the trading efficiency and information transparency in the market will be enhanced upon launch of the new systems. For this, Quantitative Trading Dept. continued to upgrade the equipment and system, modified the trading system, and researched new trading strategies in 2019, hoping to further develop the various trading scales upon launch of the new systems, secure additional market shares and upgrade earnings in 2020.

(4) Investment banking business

The investment banking business of Yuanta Securities is guided by the needs of customers and assists in providing long-term development strategies and financial consulting from the customer's perspective. Our core business includes IPO, SPO, FA and other services. We insist on regarding every case in a consistent manner and provide costumers comprehensive financial services. Also, We actively search for various financial advisory business opportunities, such as: listing (TWSE and TPEX), mergers, splits, acquisitions, and private placement, etc., to help customers get abundant aid from the capital market.

During 2019, Domestic IPO/SPO market totaled 187 cases of underwriting, and the total underwriting amount was NT\$92.7 billion. Among them, the Company has participated in the bookrunner and joint bookrunner with a total of 47 cases, with a market share of 26.75% and a total underwriting amount of NT\$24.8 billion, the 1st place in the domestic underwriting market. In 2019, the Company Investment Banking Department has assisted with multiple IPO and SPO cases, including the leading securities firm engaged in TWSE/TPEX listing of Wiwynn(6669), Ventec-KY(6672), KINGWAY(6516), TWBM(6649), HMC(4576), PEGAVISION(6491), and TST Group-KY(4439), and the underwriter engaged in offering of CB of SYNST(6558), capital increase by TSEC(6443), HannsTouch(3049), ATC(8255) and CATHAY HOLDINGS(2882), offering of CB and capital increase by ENNOCONN(6414),

SVBI(1786), YC(4306) and Enterex-KY(1592), domestic/overseas allotment of ECB / GDR of BHI (BizLink)-KY(3665), and also completed the offering of preferred stock of O-Bank(2897), CTBC HOLDING(2891) and TCC(1101).

As the leading brand in the IPO market, the Company has led the others in the same trade with its innovative idea and hit indicative records successively. In the pre-IPO market, the Company integrates resources such as securities channels, foreign-funded legal persons, and venture capital, plus powerful trading assistance system and trading personnel with analysis capabilities, to create the Company as a leader in Taiwan pre-IPO market. In 2019, with 32.65% transaction market share in pre-IPO market, we continue the glory of the top ranking.

Wiwynn (6669) was listed in March 2019. Its capital stock totaled NT\$1.746 billion, with the fund raised by IPO amounting to NT\$5.46 billion. This listing underwriting was completed in the form of auction. The Company gathered the Group's entire resources to solicit for investors' high recognition toward Wiwynn under the teamwork of various functional units dedicated to brokerage, institutional investors, investment banking business, wealth management business and Yuanta Securities Investment Consulting. The highest bid price in the auction amounted to NT\$450. The weighted average price for the contract awarding was NT\$349.32 yuan, about 1.62 times the base price for the auction, NT\$215.65. Meanwhile, for the IPO, the case has attracted more than 250,000 persons' subscription and the capital more than NT\$64.3 billion, while the winning rate was only 1.54%. Apparently, it has blown up the market. On the first day of Wiwynn's listing, its highest stock price reached NT\$387. In consideration of the subscription price, NT\$248, it made 56% profit. According to the Institute of Information Industry MIC forecast, the global cloud service market scale will be grow from US\$37.3 billion in 2015 to US\$93.2 billion in 2020, i.e. a yearly compound growth rate by 20.1%. Apparently, the cloud service market still deserves room for significant growth. Given the favorable conditions, such as recovery demand by Wiwynn's key customers including such data center business as Facebook and Microsoft, involvement by the new customer, Amazon, and Taiwan's expansion of production capacity, Wiwynn's stock price has kept rising. Based on the closing price on December 31, NT\$635, its market value reached NT\$110.8 billion, making it become the company with the largest market value in the IPO underwriting cases in 2019.

ENNOCONN(6414) is an important member in the layout of Foxconn Industrial Internet, and also the largest ODM engaged in industrial computers in the world. In 2017, it strategically invested in S&T and Kontron to launch its own brand business. In 2018, it acquired Marketech International Corp. successfully to demonstrate its determination to engage in the smart factory operations. Accordingly, it expanded its business domain by transforming itself from a hardware manufacturer to an H/W & S/W integrator, hoping to be a solution provider ultimately. Upon activation of the diversification layout, ENNOCONN worked with its subsidiaries to provide customers with more complete smart factory solutions. In the second half of 2018, the global market and economic outlook were troubled by multiple uncertain factors, including Sino-US Trade War and Fed's unstable interest escalation policy. As a result, the

stock markets were in a state of drastic turmoil and investors' willingness to invest tended to be more and more conservative. Notwithstanding, the Company utilized its allotment channels perfectly to help ENNOCONN complete the offering of CB and capital increase totaling NT\$7.332 billion. The overall subscription by institutional investors weighed 60%. The strategy balanced the stability and liquidity of chips at the same time and successfully helped the enterprise seek the capital investment from the capital market successfully, making the Company hit indicative record successively. After the pricing of the CB amounting to NT\$6.012 billion was decided, ENNOCONN's stock price increased from NT\$248 to NT\$300 significantly, thereby driving the opening price of the CB on the first day of listing to reach NT\$110.20 and creating the win-win-win situation among the issuer, investor and securities firm. It also drove the prosperity in the domestic CB market, reflecting the Company's ability and strength in underwriting large-scale projects.

BHI (BizLink)-KY(3665), a global connector manufacturer and also the exclusive supplier for BMS (battery management system) of the global electric vehicle leader, Tesla, is engaged in the business lines covering IT, automobiles, medical equipment, and industrial and optical communications. All of its customers are international leading manufacturers, such as Polaris, ThermoKing, HP, DELL, and Lenovo, etc. Following the completion of 2nd offering of overseas unsecured ECB, totaling US\$100 million, together with Yuanta Securities (HK) in February 2018, the Company completed 3rd offering of ECB totaling US\$100 million, and offering of the GDR totaling US\$80 million, for BHI (BizLink)-KY(3665) at the end of 2019. Among the other things, the pricing of ECB was set based on the conversion price at NT\$245.77, i.e. the conversion premium rate by 113%. The IPO of the GDR was US\$6.7 (NT\$204.23) per share. In consideration of the closing price at NT\$217.5 on the pricing date, namely December 6, 2019, the discount rate was 6%. The Company helped BHI (BizLink)-KY seek the capital totaling about NT\$5.5 billion to deal with various business units' rapid growth and also maintain its leadership in the global high-end cables and connectors solutions. The Company served as the exclusive underwriter of BHI (BizLink)-KY's ECB and GDR. This allotment framework attracted multiple institutional investors and brought several times overbooking of GDR and ECB. Finally, all of them were allotted to international professional institutional investors. This reflects the consolidated effect by integration of the Company's investment banking platforms, international channels and allotment capacity, which are comparable with international large-scale investment banks.

In financial advisory business, the Company has accumulated the experience in the financial advisory business for cross-border mergers and acquisitions for tens of years. In 2018, Yuanta Securities assisted Chaun-Choung Technology Corp. (CCI) and its shareholders to raise the strategic investment fund, NT\$4.5 billion, from the global largest micro precision motor supplier, Nidec Corporation (6594 JP), successfully, and Nidec Corporation acquired 48% of CCI's equity. Both companies could complement each other in the product layout and core R&D competency. In 2019, both parties formed the new management team and completed the reelection of directors. The project reflected the Company's strength in multi-national investment banking business again. Meanwhile, in 2019, the Company assisted Yulon Group, to which the

major shareholder of GATETECH, namely China Motor Corporation (CMC) (2204) is subordinated, to transfer the shares held by it to Syncmold Enterprise Group (1582). GATETECH is a company in which 72.81% of the equity are held jointly by CMC, Sino Diamond Motors Corporation and Qunyuan Investment Co., Ltd., which is a magnesium-aluminum alloy die-casting manufacturer dedicated to automotive and motorcycle spare parts, rugged PC & notebook, business SSD components and motor valve bodies. Its customers cover the brand manufacturers situated in the USA, Japan, Taiwan, and China. It owns factory premises and assets in Taicang, Suzhou and Taoyuan, Taiwan. Syncmold Enterprise Group is the leader in R&D and manufacturing of the display bearings and bases. With the assistance from the Company, Yulon Group completed its disposition of assets and Syncmold could enhance the efficiency of vertical integration of its self-made products, and extend the Group's business domain through the application of products and complementation with customers, so as to achieve the effect of horizontal division of labor and upgrade the Group's operating scale and maintain its leadership in the industry.

For the private placement operations, the Company provides the two service lines, namely large-sum transaction and solicitation for investment through stock release, to improve the equity structure of corporate accounts. In 2019, the Company underwrote the large-sum transactions for JMC ELECTRONICS CO., LTD. (6552) and GATETECH (1561), and the stock release to solicit for investment for KURA SUSHI (2754). KURA SUSHI was a company wholly owned by the Japanese investment. Through the Company's introduction to domestic catering industry and venture capital for assessment and investment, its exposure to the market is raised prior to the IPO and thereby may be very helpful to its future fund raising projects and also its own financial position.

In consideration of the Company's innovation and diversity in investment banking business, Yuanta Securities has received multiple international professional financial and domestic competent authority's awards and honors in 2019. The Company was honored as the "Best Investment Bank in Taiwan" and "Best ECM in Taiwan" by FinanceAsia, and the "Best Investment Bank in Taiwan" by EUROMONEY. At the first time it attended the selection of AB&F, it won the "Best Corporate and Investment Banking Awards." Additionally, it also won the first place in the "TPEX Pre-listing Tutorship Economic Stimulation Award-Market Value" and the first place in the "Emerging Stock Market Stable Quotation Award" from TPEX, and the first place in the "Marketable Securities Award-Listed Securities Underwriter" from TWSE.

Whether the Company partook in IPO, SPO or FA cases, we upheld the principles of risk control, carefully selected cases, and deepened the integration of resources within as well as our competitive advantage. Through our integration platform of Taiwan, Shanghai, Beijing, Hong Kong, South Korea, Vietnam, Indonesia and Thailand investors from various locations have access and increases participation and scope of the market. By cultivating overseas markets and expanding synergies, the Company is providing customers with a full range of capital resources and strategic planning options. The Company Investment Banking Dept. will maintain the leading position in the underwriting market and link the core business with cross-selling and

cross-border corporate banking business, in hopes of further deepening and broadening the investment banking products. The Company expects to deepen the development in Taiwan's capital market and, therefore, extend the business overseas as a pioneer on the global investment banking product platform.

(5) Fixed income business

In 2019, the trade battles between China and the USA were expanded, from agricultural products to patents, technology products and semi-finished products. Therefore, the increasing uncertainty made it difficult to predict the financial market, and the US debt tended to be in the long position at the beginning of 2019. Notwithstanding, upon adoption of the various tariff policies by the USA with respect to the mainland China since May, the relationship between China and the USA has become tensed increasingly. As a result, the global economic outlook was in a lusterless state. The rise in China since Q1 of 2019 turned out to be shock after the sharp decline in Q2. Since Q4 of 2019, given the worsening situation, Fed cut the interest for once in the name of "mid-term adjustment" and acted optimistic toward the future economic development. The 1st-stage trade agreement used to be pending between China and the USA found a hope in mid December. Therefore, the long position in the global bonds market was overwhelmed and turned to stay low instead. For the other bonds markets, in Australia, the household debt ratio kept remaining high. The central bank of Australia created the low-interest environment intentionally. As a result, Australian debt declined below 1.0% after one decade. Although QE was ended in Eurozone at the end of 2018, the Brexit and increasing trade dispute between China and the USA caused the poor global outlook in 2019. In Germany, the 10-year government bonds even declined until -0.7%, the lowest historically. In conclusion, in 2019, in response to Fed's policy adjustment, the Company's Bond Division took the measures to adjust NTD and foreign currency bond positions, disperse the investment in bonds denominated in various foreign currencies, and maintain stable profitability. In terms of offering, Yuanta Securities Bond Division continued to play the role as a leader in the domestic NTD bond market, maintained the gap between it and the underwriter ranking 2nd place in the market share by 8%, and underwrote a total of 95 cases. Yuanta Securities Bond Division was in the first place in the market in all respects. Meanwhile, it kept hitting the record in the NTD bond market. In 2019, it successfully led the offering of the first 30-year unsecured corporate bonds (THSR 1st-term corporate bonds of 2019) amounting to NT\$8 billion domestically. This fully demonstrates the depth and width of Yuanta Securities Bond Division's participation in Taiwan's primary securities market. Meanwhile, to be in line with the competent authority's lifting of the laws and regulations governing the NTD-denominated green bonds issued by any foreigners. The Bond Division participated in the first case (DONG Energy A/S 1st-term corporate bonds of 2019). Meanwhile, the Bond Division also developed foreign currency bond operation, strove for the opportunity to underwrite international bonds, and also engaged in matching business for foreign currency bonds in the secondary market to deepen the development of domestic/foreign institutional investors and control the needs for investment in the market. The Bond Division has participated in 38% of the foreign currency cases in 2019. Apparently, the Bond Division acted as a leader in both NTD and foreign

currency offering markets.

Looking forward to 2020, considering that the Sino-US becomes sluggish, Fed is expected to keep the interest rate remain unchanged. Given the improving economic fundamentals in the bond market, the long positions in 2019 are not likely to repeat again. Notwithstanding, the US presidential election in November is still considered a critical factor. Further, the increasing tension in the United States and the Middle East, the risk over unstable political condition in Central and South America and Spain, and the wildfire in Australia have caused harm to the economy. Therefore, the demand for hedging policies still exist in the financial market. 2020 is expected to be a year difficult to manage. The Company's Bond Division will keep paying attention to the changes in the market and respond to them rapidly, and use the best effort to seek the profit opportunities.

(6) Derivatives service

The Company is a leading securities firm in the warrant market of Taiwan. With its plentiful experience in the warrant market, it uses the best efforts to provide more diversified warrant products and better market making quality, in order to enable each customer to find his own securities issued by Yuanta Securities and practice the "Yuanta Securities Big Dream" program. It not only makes investors impressed about its brand identity but also receives various awards and honors domestically and overseas. In 2019, the Company was honored as the "Triple A Best Equity Derivatives Advisor" by the internationally renowned financial magazine, "The Asset," for the fourth year consecutively, and won the first place in the "Warrant Trading Volume Award" and "Warrant Value Excellent Award" and the third place in the "Warrant Issuance Volume Sprinting Award" by TWSE, and the first place in the "Manyoptions Award" and "Unimpeded Options Award" by TPEx.

In 2019, there were a total of 7,827 warrants issued by the Company accumulatively, and the issuing value attained NT\$97.3 billion, ranking the first place in the market. Under the economy of scale, the Company continues its brand value management and fair and stable market making quality standard operating procedures, top trading systems and financial innovation to solidify its competitive strength. For the investors' education, the Company continues to organize various seminars. This year, it involves in operation of social networks and build Line@ stimulated trading platform, so that new players may accumulate their investment experience in securities and warrants via the platform, while veterans may also improve their methods to invest warrants via the platform. The Company wishes to help various investors get more familiar with the investment in warrants and upgrade the investors' recognition toward the Yuanta Securities' brand to keep the Company's leadership in the securities market.

In 2019, under the circumstance that the Company continued to promote the business of structured notes, the trading volume of the equity and structured notes still led that of the others in the same trade in the whole year. In recent years, structured notes have been known by domestic investors gradually. From the wealth management platform, the investors may choose the most adequate asset allocation among the diversified financial instruments, subject to their risk tolerance. Looking forward to 2020, Yuanta Securities will continue to research and develop the new structured notes

to satisfy the market condition. It is expected to bring the chance of development for the structured notes market.

Asset swap services derive from convertible bonds. In 2019, the Company was in the first place in the market share of outstanding balance of asset swap services and far ahead of the second place. As expected, the number of domestic issued convertible bonds declined in 2019 lightly from 2018 in the market due to the increasing volatility and market trending up. Notwithstanding, the balance of the entire asset swap exchange market increased by 10% against the trend. Looking forward to 2020, under the condition that the trading volume increases in the asset swap market and the volatility in the market is expected to get drastic increasingly, the business will still be full of challenges and also opportunities. The Company will continue to maintain its market position with its strength in brand, capital cost and capital scale, and also adopt the strategies ahead of the others in the same trade, such as offering of the trading tools helping customers trade conveniently, to develop the market, and strictly uphold the asset quality control policy to pursue growing scale and profit.

The Company participated in the first offering of Exchange Traded Notes (ETN) in April 2019, and issued two ETNs in 2019. The market value and share of the outstanding ETNs accounted for about 40% in the market. In 2020, the Company will continue to manage the ETN operations actively. The Company will keep offering new products and also organize marketing and promotional activities, as well as investors' seminars. Meanwhile, the Company will provide investors with fine-quality market making services in the secondary market.

(7) Wealth management business

In order to deepen the customer services, provide complete products, Yuanta Securities sought the approval from the competent authority in March 2011 to run the wealth management business under the trust framework, and played the important role as a pioneer in the market of wealth management run by securities firms.

Yuanta Securities' wealth management business has matured after several years of development. The customers' needs became more and more diversified, while the depth and width of services needed by the clientele were high. In order to deal with more and more special and professional customers' needs, Wealth Management Dept. continued to include various wealth management products. Meanwhile, in order to meet customers' need more and serve high-asset customers, enable different customers to enjoy financial services and cooperate with related departments, Yuanta Securities designed and developed the self-made products, and its AUM grew from NT\$902 million at the end of 2016 to NT\$8.9 billion at the end of 2019. FSC permitted securities firms to underwrite the employee benefit trust in December 2016. Yuanta Securities applied for the license of "Employee Benefit Trust" with the competent authority in 2017. Upon receipt of the license and reporting of the offering, Yuanta Securities will move forward toward a new age for asset management as a securities firm and will fulfill its corporate social responsibilities with due diligence.

Since Yuanta Securities offered the securities wealth management trust business, it has led the others in sale and management of funds. Therefore, since 2012, the total assets of customers under its Non-discretionary money trust business has ranked 1st place in the market, far ahead of the others in the same trade. This primarily resulted from mass business locations of the Company's subsidiaries and intensive relationship between it and customers, as well as the quality of its study report ranking 1st place

in the same trade. Meanwhile, its fund platform has selected 26 domestic trust investment companies and 21 overseas fund companies so far, and offered more than 2,000 products, and it owns the most complete network interface and order placing system in the same trade. For customers, they may deserve such strengths as professionalism, completeness of portfolio and convenience, if they choose Yuanta Securities to manage wealth on behalf of them.

Statistics of the money trust balance managed by the wealth management department until the end of December 2019 (NT\$ million)

AUM	2017	2018	2019
Yuanta Securities	42,608	37,211	39,131
KGI	12,773	12,491	18,177
Mega Securities	12,730	10,340	10,481
Capital Securities	11,626	12,803	14,200
SinoPac Securities	10,181	13,654	18,159
Total Amount	105,692	104,304	123,293

Source of data: Trust Association of R.O.C

Statistics of the accumulated accounts opened for money trust managed by the wealth management department until the end of December 2019

Number of opened accounts	2017	2018	2019
Yuanta Securities	116,105	124,926	136,027
SinoPac Securities	45,994	57,261	67,289
KGI	35,655	39,812	48,509
Capital Securities	35,650	41,322	45,611
MasterLink Securities	17,226	18,664	21,648
Total	298,734	339,146	387,659

Source of data: Trust Association of R.O.C

Since the Company offered the wealth management trust lending operations in May 2013, the Company has built the asset pool for the stock which was most likely to be lent and pursued the efficiency of lending as its business development policy. Notwithstanding, in response to the lifting of laws and regulations, since the Company started the retails two-way lending in February 2016, it has focused on the two-way lending operations for natural persons primarily and the trust lending operations secondarily. The asset pool for the trust lending operations was based on the customers' permanent idle stocks which were lent frequently, in order to generate the maximum income for customers and the Company together with the two-way lending operations for natural persons.

Statistics of the Negotiable Securities Trust balance managed by the wealth management department until the end of December 2019 (NT\$ million)

AUM	2017	2018	2019
KGI	14,281	11,361	10,143
Yuanta Securities	7,529	7,751	5,004
Fubon Securities	6,113	5,642	5,266
Mega Securities	3,813	3,104	2,166
HanNan Securities	1,453	1,324	1,051
Total	36,311	33,227	27,053

Source of data: Trust Association of R.O.C

(8) Consigned trading of foreign securities business

To pursue extensive development and innovation of financial services, expand the scope of business and upgrade customers' service quality, given that domestic financial products cannot satisfy consumers' need for diversified investment in new products, the investment service for foreign securities demanded by the market was expanded; and to participate in various business seminars and open policy-making procedures organized by the competent authority.

In November 2014, the competent authority approved the Shanghai-Hong Kong Stock Connect, and approved professional investors to participate in foreign securities IPO at the beginning of 2015. Meanwhile, the competent authority schedules to research the important policies, such as allowance of foreign currency financing business. The Company will maintain its leadership in the same trade, and continue providing customers with the services beyond the standard applicable in the same trade to comply with government policy.

Since 2017, Yuanta Securities has recruited the sale representatives with the experience in dealing with high-asset net value customers to engage in the direct marketing. It set up offices in North, Central and South Taiwan dedicated to developing the private wealth management services for exclusive clientele and planning the tailor-made service needed by the exclusive clientele, in hopes of creating a new age for itself in the securities private wealth management market.

The top five market share of sub-brokerage in the industry	
Cathay Securities	21.70%
SinoPac Securities	17.40%
KGI Securities	12.92%
Yuanta Securities	9.45%
Fubon Securities	8.37%

(9) Securities borrowing and lending business

At the end of 2019, a total of 16 Securities & Securities Finance Companies offered products & services of Securities Borrowing & Lending (SBL), a highly competitive OTC marketplace. Lending balance from above-mentioned companies increased substantially from TWD 129 billion at the end of 2018, to TWD 180.2 billion at the end of 2019, proving a solid 40% growth of the market. With its excellent and savvy business conducts, Yuanta Securities concluded its SBL market share at higher than 30%, gapping followers of industry with a huge distance. Besides, deregulations and new scopes opened in the SBL environment allow Yuanta Securities to start the retail two-way lending in February 2015, as well as inter-brokers lending in 2016, both adding fuels to propel further momentum into the SBL market. The company's SBL practices in above areas efficiently introduced resources from new perspectives, successfully enhanced liquidity and flexibility of SBL operations, and created additional revenue to all parties involved. At the above-mentioned resources development & management side, Yuanta Securities also represents higher than 40%

in market share, leading peer companies, and serving as a solid fundamental for profits generation.

(10) International institutional business

Foreign investors accounted for 24% of the market turnover in 2019, passive and program trading flows continued to grow consistent with global trends. However, by offering differentiated services, Yuanta Securities had a stellar year in regards to its international institutional business as we not only further increased our market share but also further solidified our position amongst the top 3 local brokers doing foreign institutional business.

Looking forward to 2020, Yuanta Securities remains committed to providing high quality and differentiated services to our clients. We also believe that by further integrating the Group's resources with Yuanta Securities' underwriting, bond, securities borrowing/lending, investment trust, futures and custodian banking services, we can continue to enhance our business in Taiwan and further extend our reach in Asia.

(11) Shareholders service agency

The Company will continue to expand the scale of agency to upgrade the performance, and enhance the relationship with customers, integrate customers' resources and exert the Group's consolidated effect by providing the differentiated services and financial holding resource services.

(12) International services

For the time being, Yuanta Securities is the leader in the securities market of Taiwan. Notwithstanding, it is not only satisfied with its leadership in the domestic securities market but also highly values the internationalized business development, in order to pursue the diversification of profit-making sources and structural upgrading of profit-making model while based in Taiwan and aiming at the international markets. Yuanta Securities is dedicated to developing overseas operating locations.

The Company's overseas layout has been extended from Korea in North East Asia to South East Asia, including Thailand, Indonesia, and Vietnam, by integrating its strength in funding sources and product niche in Mainland China, Hong Kong, and Taiwan. It deepened the local business of various subsidiaries and utilized the market characteristics and funding strengths everywhere to form characteristic products and link the synergies of various overseas subsidiaries to build a Pan-Asian trading platform. This was done in hopes of providing customers with more diversified options in investment, more complete product lines and more diversified investment visions, so as to maximize the value of Yuanta Securities, which will ultimately be rooted in Taiwan, and complete the multi-national and global layout of Yuanta Securities.

(III) Overview of technology and research:

In 2019, the Company researched and developed multiple design patents, and led the others in the same trade to adopt the AI stock selection technology and apply the big data, and released the AI stock selection and order placement APP, "Mr. Yuanta." Meanwhile, it was also dedicated to promoting such new business types as employee benefit trust (including employee shareholding trust and employee benefit savings trust), foreign

exchange securities firm and ETN.

In 2020, the Company will continue to improve the “Mr. Yuanta” APP functions, integrate various mobile trading platforms and add strategic trading platforms to provide customers with diversified investment tools. Meanwhile, the Company will start new business lines to satisfy investors’ need, according to the competent authority’s policy, regulations and license to the securities industry. Meanwhile, the Company will keep providing the competent authority with suggestions about policies to seek the approval for offering of more new securities business lines and new products and the opportunity for underwriting business.

Further, in response to the Regulatory Sandbox policy boosted by the government, the Company will use the best efforts to boost the proposals and tests of related new financial instruments to satisfy customers’ demand for innovative financial instruments and create the win-win-win situation among the government, customers and the Company.

(IV) Long-term and short-term business development plans

1. Short-term business development plans

- (A) The Company will continue to maintain its traditional core brokerage services and further develop its wealth management services to create the double profit-seeking engines for the securities and brokerage services. To implement the data AI analysis; identify the customer group structure subject to the customer’s investment attributes to achieve the group management; drive the policy for business promotion to fulfill the wealth management business and commodity KYP and satisfy customers’ needs.
- (B) Continue to promote the systematic investment plan for fund; organize promotional events to solicit retail investors and new customers and activate dormant accounts; integrate related business units to solidify the products available on the wealth management product platform in width; boost the “potential branches” and develop “financial merchants” to expand the customer base; seize the business opportunities derived from repatriation of overseas capital and new financial policies to promote the momentum for wealth management operations.
- (C) Continue to implement the diversified marketing model integrating loaning, develop different customer structures and complement its financing activities effectively. Strengthen the ability to provide the borrowing/lending service, develop sources of securities to provide resources, strengthen and effectively utilize the source of securities obtained from the natural person, reduce the Company’s borrowing/lending cost effectively, and increase the revenue from related commission. Continue to promote overseas sub-brokerage services, add the trading markets, overseas instruments and sub-brokerage financing that comply with laws and regulations.
- (D) Upon implementation of the continuous matching mechanism and intraday odd-lot trading policy, tally and adjust the order-placing, market-making and hedging systems, or upgrade or develop new systems to secure its competitive strength. Expand the scope of market making, and extend participation in various instruments listed on TWSE and TAIEX.
- (E) Participate in the underwriting of related bonds, and maintain the market position; add the types of structured notes denominated in foreign currencies (e.g. Preferred stock leverage notes and bear notes) and external channels; increase the trading volume of spot foreign exchange, join Taipei Foreign Exchange Market, increase external

trading counterparts, reduce the capital cost; participate in overseas subsidiaries' fixed income market, and build the Group's institutional investor platform for international cases.

- (F) Continue to proceed with the R&D, design and sale of self-made structured notes and upgrade the asset management scale of Yuanta Securities; continue organizing various marketing campaigns aiming at raising customers' brand recognition toward Yuanta Securities to secure market leadership; promote the ETN development; develop the new version of the securities and warrant system.
- (G) Actively develop the investment banks' overseas market and cooperation of investment banks' cross-border platforms, and upgrade the proportion of revenue from overseas operations; refer the opportunities for business cooperation to the Group and affiliates; integrate related business resources, provide customers with the Total Solution, balance the quality of cases and business development, and conduct the business by weighing quality and quantity equivalently.
- (H) Improve the functions of the order placement APP, Mr. Yuanta, integrate various mobile trading platforms, build the new-generation e-Yuanta (Mr. Yuanta AP version) and strategic trading platforms, and provide investors with better investment experience; optimize the back-office operations, upgrade online services, enhance competitiveness among peers, introduce new customer bases, solicit for retail investors and new customers and activate dormant accounts.
- (I) Adjust the investees' capital and organizational framework; continue to strengthen fund liquidity, large-sum exposure to financing position, proprietary trading and product issuance risk management mechanism, early warning system for risk and mechanism for reporting material contingencies.
- (J) Yuanta Securities will keep watching the environment of laws & regulations for the entire capital market and the development in the same trade in Mainland China, and following up the schedule adopted by the cross-strait securities competent authorities to lift certain policies to control the chance to access the market in Mainland China.

2. Long-term business development plans

- (A) Have the channels develop wealth management services comprehensively, exert the brokerage and wealth management double engines completely, and stabilize customers' and sales representatives' revenue related to flow (trading) and inventory (AUM). Fulfill customers' position management, provide customers with premium wealth management services, and deepen customers' loyalty.
- (B) Work hard to develop onshore and offshore financial instruments actively, innovate and diversify products, upgrade the omnibus mobile financial service and FinTech innovation and application, and provide customers with the one-stop trading service. Integrate resources of the Group's domestic and overseas subsidiaries, upgrade the consolidated effects of domestic and overseas operations, create diversified business cooperation models and solidify its market leadership.
- (C) Train the professional talents for regional investment banks in Asia; enhance the cross-border cooperation and integration of resources, develop new markets overseas, develop multinational platforms, and provide customers with omnibus financial consulting services needed by customers at various stages of operation, in order to become the top regional international investment bank in Asia.

- (D) Maintain the market leadership in futures, options and ETF market making, expand the scope of countries for overseas investment, construct the secondary trading platform in foreign currency and increase the revenue from related overseas transactions. Develop foreign exchange derivatives, increase the trading volume of spot foreign exchange and trade in Taipei Foreign Exchange Market.
- (E) Construct Yuanta Securities (HK) to be the international trading platform center to link the markets of Taiwan, Hong Kong, Korea, Thailand, Indonesia and Vietnam; utilize the strength and characteristics of the cross-border financial trading to provide customers with more diversified investment visions and professional financial services; work with overseas subsidiaries, develop the Group's foreign currency bonds marketing platform and work with overseas subsidiaries to issue and sell the bonds; participate in overseas subsidiaries' fixed income market and engage in secondary transactions of bonds with its overseas subsidiaries.
- (F) All overseas subsidiaries' earnings to the whole earnings gained by Yuanta Securities attained the specific target. Utilize the business platforms effectively, line business development opportunities, and expand the operating scale. Enhance overseas subsidiaries' standard information security protection to ensure the safety of connection with multinational network systems. Keep concerning the opportunities for layout of investment in South East Asia and choose the optimal market to reproduce successful experience.
- (G) Solidify the corporate banking operations, and provide the one-stop service with the strengths in business, product and teamwork after the insurance banking and financing operations are in place, to build the Company's position in the brokerage services for institutional investors in the territories of Asia.
- (H) Elaborate the account management, utilize the big data analysis and AI, engage in precision marketing subject to customers' attributes to sprout the development of customer assets, fulfill the asset legacy, and continue relationship between Yuanta Securities and customers.

In conclusion, Yuanta Securities' business plans and development strategies in 2020 aim to balance domestic and overseas business development, solidify its market leadership in various business types, layout its overseas investment and connect with related business types actively. It also intends to continue to expand its business domain in Asian market, in hopes of becoming the best securities service firm in the Asia.

II Market overview and dynamics

(I) Market analysis

1. Customer profile and regions

The Company provides services to such counterparts as domestic/foreign corporations and domestic investors primarily. Until the end of 2018, the Company has had a total of 146 business locations throughout the nation engaged in accepting customers' order to trade TWSE/TPEX listed securities, domestic futures, options, bonds and financial derivatives. The Company will develop wealth management and trust business as well as accept orders to trade foreign securities, offshore fund, foreign bond and offshore Securities Unit(OSU). The Company will also work hard to invest related human resources and supplies in development of such new business types as the securities loans for indefinite purposes, two-way securities lending with natural persons and systematic investment plan.

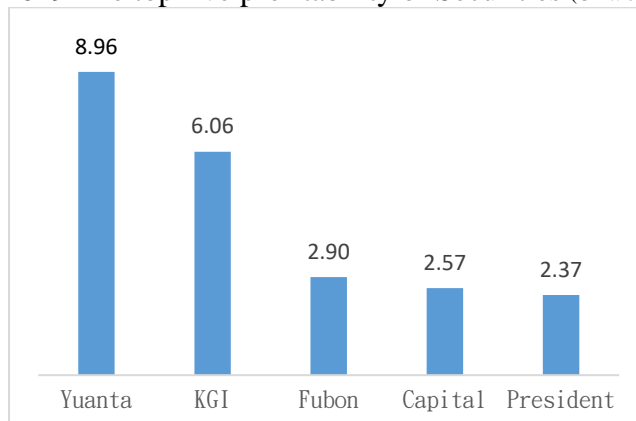
For the overseas layout, the Company's overseas business locations include Yuanta Securities (Korea), Yuanta Securities (HK), Yuanta Finance (HK) and Yuanta International Investment (HK). By linking the regions of Taiwan, Hong Kong and Korea with the OSU mechanism, the Company may extend the securities operations to markets other than the Asian market, develop the institutional investor customer base with higher contribution to the Company's earnings and increase the natural person customers, and also integrate the research teams in the tri-regions to allow the information about investment to be exchanged and utilized well and strive for the multi-national cross-sale business for institutional investors, in order to better the sound wealth management platform and develop the major platform for bond issuance in Asia.

Besides, upon acquisition of Yuanta Securities (Indonesia), Yuanta Securities (Thailand) and Yuanta Securities (Thailand), the Company has launched into the local markets in South East Asia successfully. In the future, the Company will continue to expand various subsidiaries' businesses or plan capital increase. The Company expects to practice the Group's strategies and seek profit given the rapid growth in the capital market in South East Asia.

In Mainland China, Yuanta securities has successively set up representative offices in Beijing, Shanghai and Shenzhen, and also founded Yuanta Investment Consulting (Beijing) to provide financial consultation, Investment management consulting, investment consultation and business management consultation. We will keep watching the environment of laws & regulations for the entire capital market and the development in the same trade in Mainland China, and following up the schedule adopted by the cross-strait securities competent authorities to lift certain policies to control the chance to access the market in Mainland China.

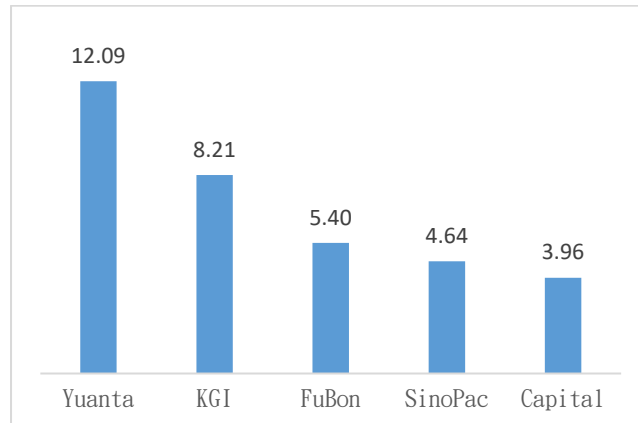
2. Market share analysis

2019 The top five profitability of Securities (Unit: bn)



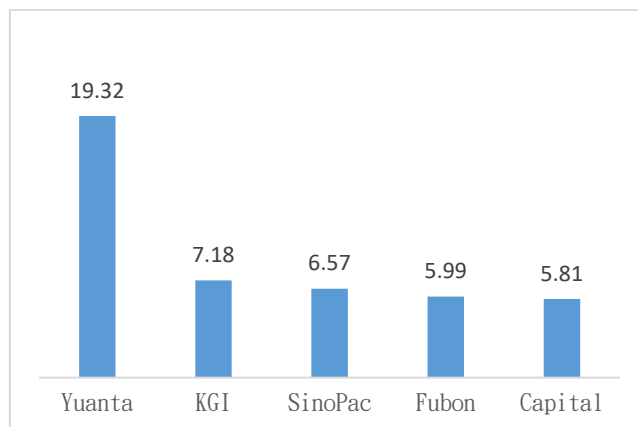
Source: Taiwan Stock Exchange (TWSE)

2019 The top five market shares of brokerage (Unit: %)



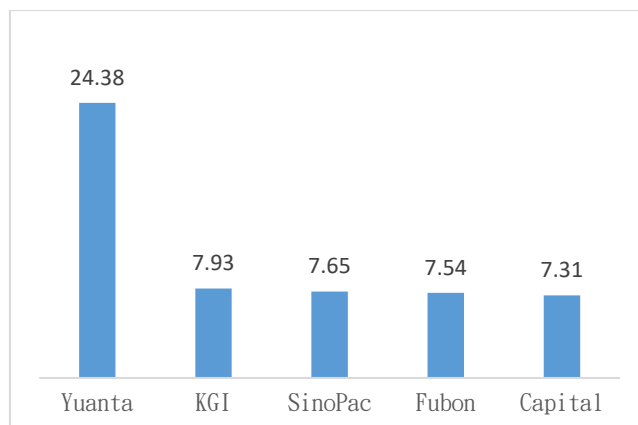
Source: Taiwan Stock Exchange (TWSE), Taipei Exchange (TPEX)

2019 The top five market share of average margin loan balance (Unit: %)



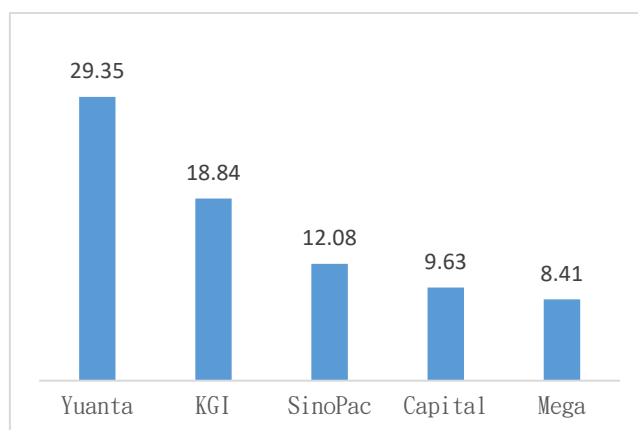
Source: Taiwan Stock Exchange (TWSE), Taipei Exchange (TPEX)

2019 The top five market share of average securities loan balance (Unit: %)



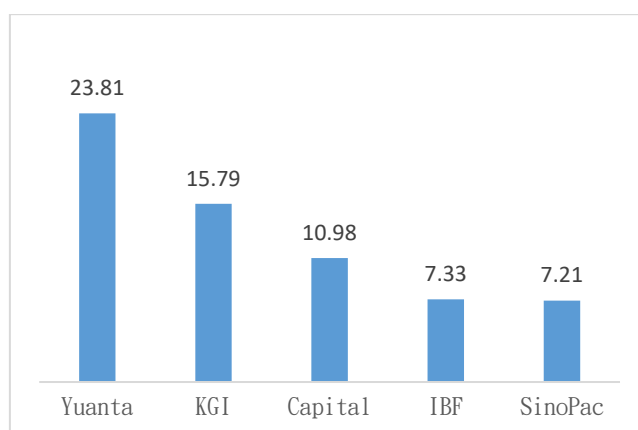
Source: Taiwan Stock Exchange (TWSE), Taipei Exchange (TPEX)

2019 The top five market share of wealth management of trust business (Unit: %)



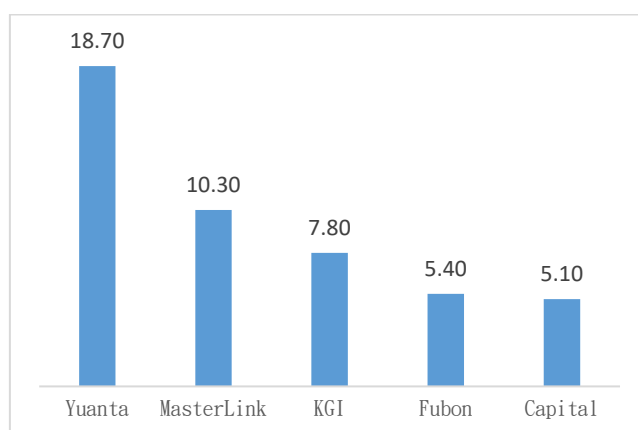
Source: Taiwan Stock Exchange (TWSE), Taipei Exchange (TPEX)

2019 The top five market share of integrated securities firms of issuing warrants (Unit: %)



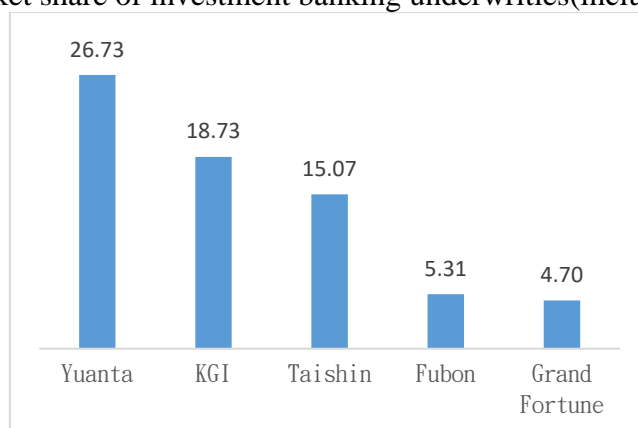
Source: CMoney

2019 The top five market share of corporate bond and financial bond underwriters (Unit: %)



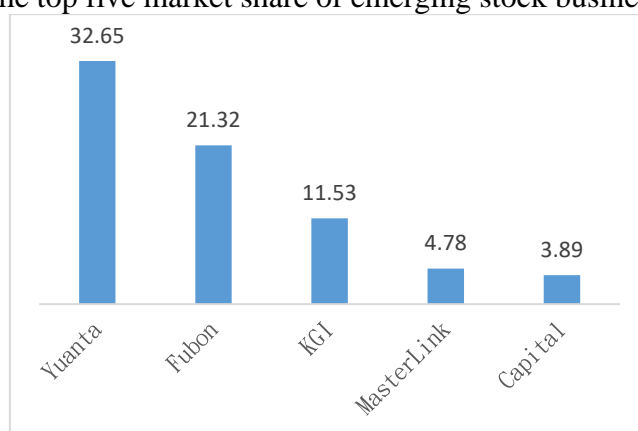
Source: Bloomberg

2019 The top five market share of investment banking underwritings(include ECB & GDR) (Unit: %)



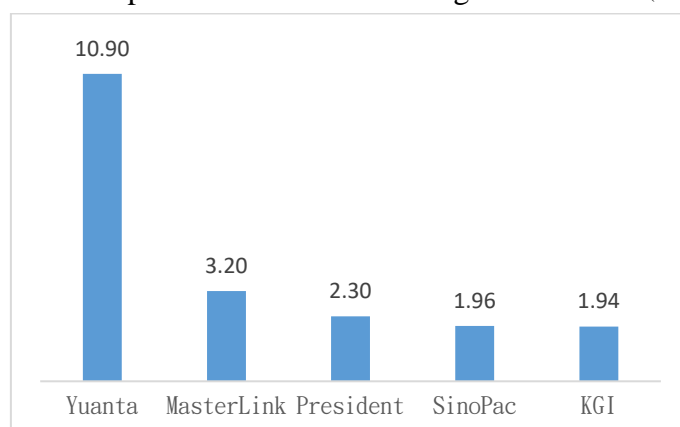
Source: Taiwan Securities Association

2019 The top five market share of emerging stock business (Unit: %)



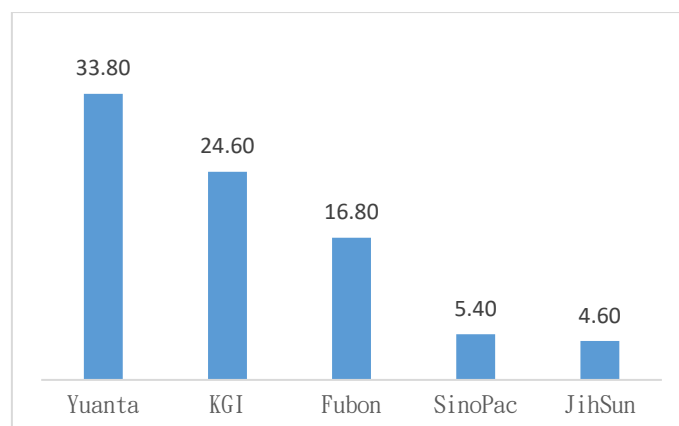
Source: Taipei Exchange (TPEX)

2019 The top five ETF market-making market share (Unit: %)



Source: Taiwan Stock Exchange (TWSE)

2019 The top five market share of Securities borrowing and lending business (Unit: %)



Source: Taiwan Stock Exchange (TWSE)

3. Future supply & demand and growth in the market

Looking back on 2019, given the trade disputes between China and the USA, and Japan and Korea, Brexit and geopolitical risk, the global economic growth tended to be sluggish. OECD and IHS Global Insight (IHS) predicted that the global economic growth rate would be 2.9% (November 21, 2019) and 2.6% (December 16, 2019), respectively, in 2019. Domestically, in consideration of the factors, such as the phenomenon of order transfers derived from the Sino-US trade conflict, increasing investment moved back by outbound Taiwanese entrepreneurs and increase in the investment in semi-conductor equipment, driving the domestic demand growth, the economic growth rate was expected to be 2.73% (January 21, 2020) in 2019.

Looking forward to 2020, for the international economy, the 1st-stage agreement has been reached through negotiation between China and the USA. Besides, the Brexit situation has been clearer and clearer. The uncertain international factors seem to be somewhat mitigated. This will be helpful to the global economy. In consideration of the trading transfer and effect produced by the repatriation of investment capital, the domestic demand is expected to grow stably in Taiwan. Notwithstanding, the global economic outlook is still affected by the trade conflicts which remain unsolved. Besides, the domestic demand tends to be sluggish increasingly and the expansion momentum appears to become sluggish too in China. Given the adoption of related domestic financial policies in 2020, the competent authority will continue its previous policy to help the industrial development and successively release multiple new regulations, regulations, and policies, including the draft of “New Wealth Management Program,” “Management, Utilization, and Taxation of Repatriated Offshore Funds Act,” and “Regulations Governing the Financial Investment, Management, and Utilization of Repatriated Offshore Funds” and “Regulations on Industries Investment from Repatriated Offshore Funds.” Therefore, there will be considerable capital moved back to Taiwan for investment, so as to promote the industrial upgrading, increase the employment opportunities and drive domestic economic development in Taiwan, thereby resulting in the increase in the government’s internal revenue indirectly. Besides, TWSE’s continuous trading system will be implemented since March 23 this year, and the intraday odd-lot trading is expected to be released in Q4 and the Association will promote reduction of the tax imposed on hedging transactions for warrants and clarification of the tax imposition on ETN issuers. As a result, the domestic capital market will develop in a more diversified manner and, therefore, this will help securities firms provide customers with more complete financial services.

4. Competitive niches, advantages and challenges to long-term competitiveness, and countermeasures

(1) Competition Niche and Development Vision

The Company's sustainable development aims to balance domestic and overseas business development, solidify its market leadership in various business types, layout its overseas investment and connect with related business types actively, in order to continue to expand its business domain in Asian market, in hopes of becoming the top securities firm in the Asia-Pacific Area successfully.

Develop wealth management services comprehensively, create a win-win situation between customers and the Company stably, and provide customers with the global and omnibus financial services actively to continue developing onshore and offshore financial products. Meanwhile, focus on FinTech innovation and application more, integrate various mobile trading platforms, and provide investors with the one-stop trading service and sound investment experience. Meanwhile, the Company will integrate the resources of domestic and overseas subsidiaries, upgrade the onshore and offshore operating results, and create the diversified business cooperation models to provide customers with diversified investment visions and professional financial services. The Company will also implement the standard information security protection mechanism into various overseas subsidiaries to ensure the safety of access to multi-national network systems.

The Company will also continue to train professional human resources for investment banks in Asian areas, enhance the cross-border cooperation and integration of resources, provide customers with the omnibus financial consultation service required at various stages of operation, and keep concerning the opportunities for layout of investment in South East Asia to choose the optimal market and reproduce successful experience.

(2) Advantages

- A. The Company has a vast clientele, and will continue deepening its relationships with its clientele. Amid the trend of transformation of channel services, in addition to the traditional brokerage, the Company will also maintain the leadership in the market to exert the complimentary effect of brokerage and wealth management, and create the double engines of seeking profit.
- B. Continue to properly utilize its solid IT team to upgrade the trading scale and research & development of new trading technology, and maintain or expand the turnover and market position of various financial instruments, to maintain the Company's leadership in offering of financial instruments and trading market in Taiwan.
- C. Integrate resources of the Group's domestic and overseas subsidiaries, utilize the strength and characteristics of the cross-border financial trading, and link the markets of Taiwan, Hong Kong, Korea, London, Thailand, Indonesia and Vietnam to provide customers with more diversified investment visions and professional financial services.
- D. Apply the FinTech development to create various financial APP services; build various trading platforms based on different customer bases' investment experience and attributes; utilize the Big Data to provide customers with customized and value-added services. Build a digital service ecosystem. The Company will continue to sprout the promotion and cooperation projects with domestic colleges and universities, and organize various simulated trading competitions and

investment seminars, etc., to help train students' professional knowledge about various financial products and make them become the Company's potential trading customer base.

- E. In response to the policies, such as Regulatory Sandbox and new business trial, the Company boosts the tests of related new financial instruments and speeds up the launch of new products pursuant to laws, in order to satisfy customers' demand for innovative financial products.

(3) Challenges facing Yuanta Securities

- A. The securities brokerage, underwriting and proprietary trading fluctuate depending on the market and economy intensively. In addition, the poor performance in the stock market and fluctuation in the total trading volume in the market have resulted in unstable revenue from service charges and investment income.
- B. The brokerage service charges are subject to the price war in the same trade, which is disadvantageous to the long-term business development. Therefore, the Company will have to consider how to provide fine-quality and differentiated services as its permanent objective and orientation.

(4) Strategic countermeasures

- A. To be in line with the transformation of market structure, the Company will have its channels develop wealth management services comprehensively, and also plan and adjust the branches' business models in a timely manner to be line with the competent authority's lifting of the policy to optimize securities firms' business locations. Make good use of FinTech marketing; implement the data AI analysis; identify the customer group structure subject to the customer's investment attributes to manage target customers; enrich the products available on the wealth management product platform; solicit new customers and activate dormant accounts.
- B. Boost the "potential branches" and develop "financial merchants" to expand the customer base; control the business opportunities derived from repatriation of overseas capital and new financial policies to promote the momentum for wealth management operations.
- C. Continue to implement the marketing model integrating loaning and wealth management products, develop different customer structures and complement its financing activities effectively.
- D. Strengthen the ability to provide the borrowing/lending service, develop sources of securities to provide resources, strengthen and effectively utilize the source of securities obtained from the natural person, reduce the Company's borrowing/lending cost effectively, and increase the revenue from related commission.
- E. Develop diversified trading strategies and expand the market-making scope; develop trading of various overseas products; exert consolidated effect of the cross-market trading; strengthen performance of proprietary trading of securities.
- F. Participate in the underwriting of related bonds, and maintain the market position; add the types of structured notes denominated in foreign currencies and external channels; increase the trading volume of spot foreign exchange, join Taipei Foreign Exchange Market, increase external trading counterparts, reduce the capital cost; participate in overseas subsidiaries' fixed income market, and build the Group's institutional investor platform for international cases.

- G. Continue to proceed with the R&D, design and sale of self-made structured notes and attract different customer bases to upgrade the Company's asset management scale. Continue to organize various marketing campaigns aimed at raising customers' brand recognition toward Yuanta Securities to secure market leadership. Continue to promote the ETN development.
- H. Actively develop the investment banks' overseas market and cooperation of investment banks' cross-border platforms, and upgrade the proportion of revenue from overseas operations; integrate related business resources, provide customers with the Total Solution, balance the quality of cases and business development, and conduct the business by weighing quality and quantity equivalently.
- I. Solidify the corporate banking operations and provide the one-stop service with the strengths in business, product and teamwork after the insurance banking and financing operations are in place.
- J. Improve the functions of the order placement APP, Mr. Yuanta, integrate various mobile trading platforms, build the new-generation e-Yuanta (Mr. Yuanta AP version) and strategic trading platforms, and provide investors with better investment experience; optimize the back-office operations, upgrade online services, and enhance competitiveness among peers.
- K. Strictly fulfill risk management and comply with the laws to upgrade the Company's business performance and avoid unnecessary dispute and litigation and the aftermath cost.

(II) End-use applications and manufacturing processes for main products: not applicable

Yuanta Securities is a securities services firm; the services and goods it provides do not have physical manufacturing processes.

(III) Supply of raw materials: not applicable

Yuanta Securities is a securities services firm; the services and goods it provides do not use physical raw materials.

(IV) Customers purchasing (selling) over 10% of total production during the past two years, percent purchased (sold), and reasons for increase or decrease: not applicable

Yuanta Securities is a securities services firm; the services and goods it provides are not appraisable using this type of index, and Yuanta Securities cannot provide such statistics in a fashion similar to manufacturing firms.

(V) Output volume and value over the past two years: not applicable

Yuanta Securities is a securities services firm; the services and goods it provides are not appraisable using this type of index, and Yuanta Securities cannot provide such statistics in a fashion similar to manufacturing firms.

(VI) Sales volume and value over the past two years: not applicable

Yuanta Securities is a securities services firm; the services and goods it provides are not appraisable using this type of index, and Yuanta Securities cannot provide such statistics in a fashion similar to manufacturing firms.

III. Employee demographics

Year		2018	2019	By Jan. 31, 2020
Number of employees		4,742	4,772	4,779
Average age		45.06	45.51	45.57
Average years of service		15.59	16.10	16.17
Educational level	Ph. D.	1	0	0
	Masters	628	645	645
	College/University	3,426	3,445	3,454
	Senior high school	678	671	670
	Below senior high school	9	11	10

IV. Environmental protection information and expenditures

As a securities services firm, Yuanta Securities provides services that do not harm the environment or conflict with environmental protection laws and regulations. Yuanta Securities has never been penalized for violating environmental regulations.

V. Labor relations

(I) Employee benefits, education, training, retirement programs and their implementation, and relations between labor and management:

In addition to labor insurance, health insurance, and collective insurance as mandated by law, Yuanta Securities employees benefit from the establishment of an Employee Welfare Committee that manages employee welfare related issues including maternity leave and allowances, wedding/funeral subsidies, emergency assistance, educational scholarships, seasonal bonuses, and health check-ups. In addition, the Employee Pension Fund Management Committee and Labor Pension Reserve Fund Oversight Committee help manage the labor pension rules and regulations and make allocations to the pension reserve funds each month in order to protect employees' interests. On the educational front, the company's continued education and training programs, which include practical instructional classes and a corporate educational website, have been recognized with awards from the government. Yuanta Securities has maintained harmonious labor relations and smooth business operations and excellent execution.

1. Employee benefits programs

In order to ensure a high quality of life for employees and to improve operational efficiency, Yuanta Securities offers employees the following benefits:

- Annual leave
- Labor insurance, health insurance, and collective insurance
- Marriage, funeral, pregnancy, anniversary, injury, and childbirth allowances
- Scholarships for children of employees
- Seasonal bonuses (New Year's, Dragon Boat, and Mid-Autumn festivals)
- Physical exams
- Employee scholarships
- Recreation facilities
- Employee pension reserve fund
- Day care
- Emergency funds
- Profit share bonuses
- Cash gift for birthday

2. Continuing education and training programs

Status of Yuanta Securities' educational and training programs in 2019 and the governing regulations:

Summary \ Year	2018	2019 ^(Note)
Total outlay on education and training	NT\$8,200,978	NT\$23,920,300
Total hours	12,294 hours	16,792 hours
Total number of courses ^(Note1)	648 classes	713 classes

Note 1: Based on planned number of courses and course hours annually

Note 2: 2020 courses and course hours and fees are estimates; actual figures will be calculated at year end

Yuanta Securities encourages continued education and training by offering courses to meet a wide variety of professional needs.

(1) Classroom instruction

In order to promote employees' professional growth, Yuanta Securities offers various professional courses either inside or outside the company. Courses consist of the three areas of management, professional skills, and general applied knowledge. In addition, "summit forums" seminars are held regularly to meet the needs of parent company and subsidiary executives and managers. Elite personnel from industry, government, academia, and the research communities are invited to share their experience and unique insights at these forums. Yuanta Securities hopes that providing better self-enrichment channels to personnel will simultaneously improve the competitiveness of the company and its employees.

(2) Online courses

The online Yuanta Securities e-Institute, which is part of the company's intranet, provides employees with access to interactive multimedia professional training courses that are continually updated. These courses can be accessed, giving workers the flexibility to arrange studies to suit their schedules, as well as allowing easy use rate and results analysis, and eliminating the need for commuting to classes.

(3) Training for new employees

In order to assist new employees to adapt to their positions as smoothly as possible, Yuanta Securities offers the "New Employees Orientation and Training" program, which uses leading instructors and intensive training to provide employees with a series of comprehensive professional training sessions. Course content is tailored to individual needs and covers both technical operations and corporate culture.

(4) Guidelines for Yuanta Securities' educational and training programs include:

- Guidelines for Educational and Training Programs for Employees
- Guidelines for Incentives Regarding International Finance-Related Certifications
- Guidelines for Enforcement of Educational and Training Programs

3. Retirement benefits and implementation

In order to protect the welfare of retired employees and strengthen labor relations, Yuanta Securities provides retirement benefits in accordance with the *Labor Standards Law* and *Labor Pension Act*, as well as contributes to pension reserve funds on a regular basis. Yuanta Securities' Pension Reserve Fund Supervisory Committee is responsible for overseeing management and use of the funds. Pension eligibility and amounts are determined by relevant laws and regulations.

4. Relations between labor and management

In order to promote harmonious labor relations, Yuanta Securities has implemented comprehensive regulations and a competitive, equitable wage structure as well as an employee profit sharing plan. Yuanta Securities management maintains close relations with its employees, and has not experienced any labor disputes.

(II) Loss incurred due to labor disputes, anticipated futures losses, and countermeasures:

None

In 2019 and as of publication of this annual report, Yuanta Securities has experienced no losses due to labor disputes.

VI. Major contracts

Date: Jan. 31, 2020

Contract Type	Involved parties	Duration of contract	Summary	Restrictive terms
Software/hardware purchase contract	Stark Technology Inc. SYSTEX Corporation Genesis Technology ,Inc. LANTRO (TAIWAN) LTD.	Sep. 10, 2019~ Oct. 05, 2019~ Oct. 14, 2019~ Oct. 14, 2019~	Procurement project for the replacement of Yuanta Securities 's e-trading and accounting systems (including servers, database host/software license, network equipment and circuits, et al.)	None
Securities investment consultant appointment	Yuanta Securities Co., Ltd.; Yuanta Securities Investment Consulting Co., Ltd.	Jan. 1, 2019 ~ Dec. 31, 2019	To appoint Yuanta Securities Investment Consulting provide consulting services about the domestic and international issuer of equity securities.	None
Securities investment consultant appointment	Yuanta Securities Co., Ltd.; Yuanta Securities Investment Consulting Co., Ltd.	Jan. 1, 2020 ~ Dec. 31, 2020	To appoint Yuanta Securities Investment Consulting provide consulting services about the domestic and international issuer of equity securities.	None
Endorsement/guarantee contract	Yuanta Securities PT Yuanta Sekuritas Indonesia	It was executed on January 3, 2017. The guarantee liability has been terminated on Sep. 12, 2019.	Yuanta Securities provides the guarantee only with respect to the debt arising from the facility sought by PT Yuanta Sekuritas Indonesia from PT Bank UOB Indonesia within the limit of the principal, IDR60 billion. The guarantee liability has already been terminated on September 12, 2019, and reported to the Board of Directors on November 5, 2019.	None
Endorsement/guarantee contract	Yuanta Securities PT Yuanta Sekuritas Indonesia	The contract was signed on June 5, 2018 and indefinite (until PT Yuanta Sekuritas Indonesia pays off all debts owed to PT Bank HSBC Indonesia and all contracts concerned are terminated).	Yuanta Securities provides the guarantee only with respect to the debt arising from the facility sought by PT Yuanta Sekuritas Indonesia from PT Bank HSBC Indonesia within the limit of the principal, US\$3.5 million.	None
Endorsement/guarantee contract	Yuanta Securities Yuanta Securities (Thailand)	The contract was signed on July 25, 2017. The contract will be valid permanently (unless Yuanta Securities (Thailand) clears all debts owed to ANZ Bank (Thai) Public Company Limited and all contracts are terminated).	Yuanta Securities provides the guarantee only with respect to the debt arising from the facility sought by Yuanta Securities (Thailand) from ANZ Bank (Thai) Public Company Limited within the limit equivalent to the principal, i.e. USD10 million.	None

Contract Type	Involved parties	Duration of contract	Summary	Restrictive terms
Endorsement/guarantee contract	Yuanta Securities Yuanta Securities (Thailand)	The contract was signed on April 2, 2018 and indefinite (until Yuanta Securities (Thailand) clears all debts owed to Mega International Commercial Bank PCL and all contracts are terminated).	Yuanta Securities provides the corporate guarantee toward all of the obligations derived from the limit of the facility sought by Yuanta Securities (Thailand) from Mega International Commercial Bank PCL. within the limit of the principal, 550 million Baht.	None
Endorsement/guarantee contract	Yuanta Securities Yuanta Securities (Thailand)	It was executed on April 13, 2018. The guarantee liability has been terminated on November 1, 2019.	Yuanta Securities provides the corporate guarantee toward all of the obligations derived from the limit of the facility sought by Yuanta Securities (Thailand) from Land and Houses Bank Public Company Limited within the limit of the principal, 2 billion Baht. The guarantee liability has already been terminated on November 1, 2019, and reported to the Board of Directors on December 26, 2019.	None
Endorsement/guarantee contract	Yuanta Securities Yuanta Securities (Thailand)	The contract was signed on August 14, 2018 and indefinite (until Yuanta Securities (Thailand) clears all debts owed to CITI Bank, N.A. Bangkok Branch and all contracts are terminated).	Yuanta Securities provides the corporate guarantee toward all of the obligations derived from the limit of the facility sought by Yuanta Securities (Thailand) from CITI Bank, N.A. Bangkok Branch within the limit of the principal, USD5 million.	None
Real estate trading contract	Yuanta Securities Co., Ltd. Veboe Coworking Space Co., Ltd.	April 30, 2019 (date of execution)	Sale of 5F and 5 parking lots of Yuanta Securities' Kaiyuan Bulding in Tainan (5F, No. 147, Kaiyuan Rd., Tainan City)	None
Real estate lease contract	Yuanta Securities Co., Ltd. Yuanta Commercial Bank Co., Ltd.	Sep. 15, 2019~Sep. 14, 2022	Lease of Yuanta Financial Holdings Building (12F, No. 66, Sec 1, Dunhua S. Rd., Taipei City) and Tatung Building (12-3F, No. 225, Sec. 3, Nanjing E. Rd., Taipei City)	None
Real estate lease contract	Yuanta Securities Co., Ltd. Yuanta Asset Management Co., Ltd.	Sep. 01, 2019~Aug. 31, 2021	Lease of Yuanta Tatung Building (10-1F, No. 225, Sec. 3, Nanjing E. Rd., Taipei City, and 2 parking lost at B1)	None

Contract Type	Involved parties	Duration of contract	Summary	Restrictive terms
Real estate lease contract	Yuanta Securities Co., Ltd. Yuanta Life Co., Ltd.	Sep. 01, 2019~Aug. 31, 2021	Lease of 7-1, 7-2 & 7-3F, No. 55, Zhongzhen 3rd Rd., Xinxing Dist., Kaohsiung City, and 5 mechanical parking lots at basement thereof.	None
Real estate lease contract	Yuanta Securities Co., Ltd. Yuanta Financial Holding Co., Ltd.	Nov. 11, 2019~Nov. 10, 2022	Lease of Yuanta Financial Holdings Building (10F, 12F & 13F, No. 66, Sec 1, Dunhua S. Rd., Taipei City, and 4 parking lots at B2 and 1 parking lot at B3 thereof) and Tatung Building (10F & 12-3F, No. 225, Sec. 3, Nanjing Rd., Taipei City)	None
Real estate lease contract	Yuanta Securities Co., Ltd. Yuanta Venture Capital Co., Ltd.	Nov. 11, 2019~Nov. 10, 2022	Lease of Yuanta Financial Holdings Building (10F, No. 66, Sec 1, Dunhua S. Rd., Taipei City, and 1 parking lot at B2 and 1 parking lot at B4 thereof)	None
Real estate lease contract	Yuanta Securities Co., Ltd. Yuanta Securities Finance Co., Ltd.	Nov. 11, 2019~Nov. 10, 2022	Lease of Yuanta Financial Holdings Building (10F & 12F, No. 66, Sec 1, Dunhua S. Rd., Taipei City and 3 parking lots at B2, 3 parking lots at B3 and 1 parking lot at B4)	None
Real estate lease contract	Yuanta Securities Co., Ltd. Yuanta International Leasing Co., Ltd.	Nov. 12, 2019~Nov. 11, 2020	Lease of Yuanta Baoqing Building (7F., No.69, Baoqing Rd., Taipei City)	None
	Yuanta Securities Co., Ltd. Yuanta Securities Finance Co., Ltd. Yuanta Commercial Bank Co., Ltd. Yuanta Futures Co., Ltd. Yuanta Securities Investment Trust Co., Ltd. Yuanta Construction Development Co., Ltd. Chang Hwa Bank Co., Ltd. China Life Insurance Co., Ltd. Yuan Ding Co., Ltd. China Real Estate Management Co., Ltd.	July 30, 2019 (date of execution)	Addendum to Mandate Contract for Tatung Building Urban Renewal Project Enforcer (about the building capacity transfer)	None
	Yuanta Securities Co., Ltd. Yuanta Financial Holding Co., Ltd.	Settled on March 26, 2019	In response to the need for reorganization of the financial holdings, acquire the whole equity of Yuanta Securities to make it be the Company's domestic investee.	None

Section Six

Financial Information

I. Five –year condensed financial statements

(I) Condensed balance sheet and income statement

Condensed balance sheet (Consolidated)

Unit: NT\$ thousand

Unit: RMB thousands

Item \ Year		Five-year balance sheet figures (Note 2)					The financial data ending Jan. 31, 2020 (Note 3)
		2015	2016	2017	2018	2019	
Current assets		495,589,344	529,939,487	646,879,111	665,244,834	686,118,965	NA
Property, plant and equipment		6,677,506	6,563,339	6,567,567	6,596,959	6,296,613	NA
Intangible assets		14,771,620	14,156,809	13,785,386	13,180,517	12,953,688	NA
Other assets		28,548,245	28,216,113	29,098,990	29,267,431	33,228,252	NA
Total assets		545,586,715	578,875,748	696,331,054	714,289,741	738,597,518	NA
Current liabilities	Before distribution	416,843,784	465,018,658	584,329,816	585,977,807	604,385,260	NA
	After distribution	423,594,279	470,371,463	589,682,621	592,138,660	Note 4	NA
Noncurrent liabilities		15,041,015	11,627,513	7,199,381	9,032,496	19,467,741	NA
Total liabilities	Before distribution	431,884,799	476,646,171	591,529,197	595,010,303	623,853,001	NA
	After distribution	438,635,294	481,998,976	596,882,002	601,171,156	Note 4	NA
Common stock		55,172,835	55,172,835	54,056,442	54,056,442	57,820,321	NA
Capital reserve		12,113,301	2,113,301	1,790,174	1,858,215	543,931	NA
Retained earnings	Before distribution	31,719,488	32,349,876	34,868,939	38,352,498	36,254,140	NA
	After distribution	24,968,993	26,997,071	29,516,134	32,191,645	Note 4	NA
Other Equity		2,288,393	289,569	415,425	1,169,937	5,903,689	NA
Prior interest under common control		0	0	0	9,489,322	0	
Non-controlling Interests		12,407,899	12,303,996	13,670,877	14,353,024	14,222,436	NA
Total shareholders equity	Before distribution	113,701,916	102,229,577	104,801,857	119,279,438	114,744,517	NA
	After distribution	106,951,421	96,876,772	99,449,052	113,118,585	Note 4	NA

Note 1: No revaluation increments were done in said years.

Note 2: The information for said years has been audited and certified by the CPAs.

Note 3: The Company acquired the whole equity of Yuanta Securities Finance on March 26, 2019, the record date for settlement. Said transaction refers to the reorganization of entities commonly controlled. Therefore, the Company has identified the entities as having been consolidated ab initio when preparing the financial statements for the previous period as required and also re-prepared the financial statements for the previous period retroactively.

Note 4: Distribution of earnings in 2019 had not yet been resolved by the Board of Directors on behalf of a shareholders' meeting.

Note 5: No financial information which has not yet been certified or reviewed by the CPAs was found prior to the publication date of the annual report.

Condensed balance sheet (Individual)

Unit: NT\$ thousand

Item	Year	Five-year balance sheet figures (Note 2)					The financial data ending Jan. 31, 2020 (Note 5)
		2015	2016	2017	2018	2019	
Current assets		243,173,733	240,835,231	291,275,027	276,140,162	292,848,201	NA
Property, plant and equipment		4,881,238	4,866,477	4,580,515	4,462,187	4,407,877	NA
Intangible assets		12,949,585	12,526,260	12,105,953	11,685,645	11,579,338	NA
Other assets		36,873,308	35,757,235	41,572,685	53,006,961	56,241,457	NA
Total assets		297,877,864	293,985,203	349,534,180	345,294,955	365,076,873	NA
Current liabilities	Before distribution	190,363,162	200,910,871	254,499,640	236,343,325	251,589,187	NA
	After distribution	197,113,657	206,040,585	259,852,445	242,504,178	Note 4	NA
Noncurrent liabilities		6,220,685	3,148,751	3,903,560	4,025,216	12,965,605	NA
Total liabilities	Before distribution	196,583,847	204,059,622	258,403,200	240,368,541	264,554,792	NA
	After distribution	203,334,342	209,189,336	263,756,005	246,529,394	Note 4	NA
Common stock		55,172,835	55,172,835	54,056,442	54,056,442	57,820,321	NA
Capital reserve		12,113,301	2,113,301	1,790,174	1,858,215	543,931	NA
Retained earnings	Before distribution	31,719,488	32,349,876	34,868,939	38,352,498	36,254,140	NA
	After distribution	24,968,993	27,220,162	29,516,134	32,191,645	Note 4	NA
Other Equity		2,288,393	289,569	415,425	1,169,937	5,903,689	NA
Prior interest under common control		0	0	0	9,489,322	0	
Total shareholders equity	Before distribution	101,294,017	89,925,581	91,130,980	104,926,414	100,522,081	NA
	After distribution	94,543,522	84,795,867	85,778,175	98,765,561	Note 4	NA

Note 1: No revaluation increments were done in said years.

Note 2: The information for said years has been audited and certified by the CPAs.

Note 3: The Company acquired the whole equity of Yuanta Securities Finance on March 26, 2019, the record date for settlement. Said transaction refers to the reorganization of entities commonly controlled. Therefore, the Company has identified the entities as having been consolidated ab initio when preparing the financial statements for the previous period as required and also re-prepared the financial statements for the previous period retroactively.

Note 4: Distribution of earnings in 2019 had not yet been resolved by the Board of Directors on behalf of a shareholders' meeting.

Note 5: No financial information which has not yet been certified or reviewed by the CPAs was found prior to the publication date of the annual report.

Condensed Income Statement (Consolidated)

Unit: NT\$ thousand

Item \ Year	Five-year balance sheet figures (Note 1)					The financial data ending Jan. 31, 2020 (Note 2)
	2015	2016	2017	2018	2019	
Gross profit	31,709,499	29,279,544	35,740,551	41,963,298	40,796,071	NA
Operating expense	(26,527,088)	(24,910,891)	(27,365,211)	(31,362,648)	(31,348,704)	NA
Operating income or losses	5,182,411	4,368,653	8,375,340	10,600,650	9,447,367	NA
Non-operating income or losses	5,814,087	4,303,611	1,220,530	1,612,467	1,729,046	NA
Net income before tax	10,996,498	8,672,264	9,595,870	12,213,117	11,176,413	NA
Net income (loss)	10,537,071	7,809,813	8,843,985	10,589,841	10,013,261	NA
Other current consolidated profit and loss (after tax)	304,044	(2,543,571)	254,180	1,085,231	643,699	NA
Total current consolidated profit and loss	10,841,115	5,266,242	9,098,165	11,675,072	10,656,960	NA
Net income attributable to the parent company	9,779,037	7,440,723	8,025,674	8,888,331	8,963,832	NA
Net income attributable to jointly controlled predecessor's equity	0	0	0	503,077	54,687	NA
Net income attributable to non-controlling equity	758,034	369,090	818,311	1,198,433	994,742	NA
Total consolidated profit and loss attributable to the parent company	10,739,541	5,382,059	7,774,633	9,774,055	10,202,436	NA
Total consolidated profit and loss attributable to Prior interest under common control	0	0	0	1,039,518	299,905	NA
Total consolidated profit and loss attributable to non-controlling equity	101,574	(115,817)	1,323,532	861,499	154,619	NA
EPS (Unit: \$ NT)	1.77	1.35	1.47	1.62	1.56	NA

Note 1: The information for said years has been audited and certified by the CPAs.

Note 2: No financial information which has not yet been certified or reviewed by the CPAs was found prior to the publication date of the annual report.

Note 3: The Company acquired the whole equity of Yuanta Securities Finance on March 26, 2019, the record date for settlement. Said transaction refers to the reorganization of entities commonly controlled. Therefore, the Company has identified the entities as having been consolidated ab initio when preparing the financial statements for the previous period as required and also re-prepared the financial statements for the previous period retroactively.

Condensed Income Statement (Individual)

Unit: NT\$ thousand

Item \ Year	Five-year income statement (Note 1)					The financial data ending Jan. 31, 2020 (Note 3)
	2015	2016	2017	2018	2019	
Gross profit	17,090,753	14,975,352	18,866,538	20,347,315	20,392,055	NA
Operating expense	(12,393,499)	(11,146,833)	(12,825,005)	(13,571,274)	(13,942,418)	NA
Operating income or losses	4,697,254	3,828,519	6,041,533	6,776,041	6,449,637	NA
Non-operating income or losses	5,846,451	4,340,365	2,646,349	3,793,287	3,541,622	NA
Net income before tax	10,543,705	8,168,884	8,687,882	10,569,328	9,991,259	NA
Net income (loss)	9,779,037	7,440,723	8,025,674	9,391,408	9,018,519	NA
Other current consolidated profit and loss (after tax)	960,504	(2,058,664)	(251,041)	1,422,165	1,483,822	NA
Total current consolidated profit and loss	10,739,541	5,382,059	7,774,633	10,813,573	10,502,341	NA
Net income attributable to the parent company	NA	NA	NA	8,888,331	8,963,832	NA
Net income attributable to Prior interest under common control	NA	NA	NA	503,077	54,687	NA
Net income attributable to non-controlling equity	NA	NA	NA	NA	NA	NA
Total consolidated profit and loss attributable to the parent company	NA	NA	NA	9,774,055	10,202,436	NA
Total consolidated profit and loss attributable to Prior interest under common control	NA	NA	NA	1,039,518	299,905	NA
Total consolidated profit and loss attributable to non-controlling equity	NA	NA	NA	NA	NA	NA
EPS(Unit: \$ NT)	1.77	1.35	1.47	1.62	1.56	NA

Note 1: The information for said years has been audited and certified by the CPAs.

Note 2: The Company acquired the whole equity of Yuanta Securities Finance on March 26, 2019, the record date for settlement. Said transaction refers to the reorganization of entities commonly controlled. Therefore, the Company has identified the entities as having been consolidated ab initio when preparing the financial statements for the previous period as required and also re-prepared the financial statements for the previous period retroactively.

Note 3: No financial information which has not yet been certified or reviewed by the CPAs was found prior to the publication date of the annual report.

(II) Names and audit opinion of certified public accountants over the past five years

Year	Auditing firm	CPA	Audit opinion
2016	PriceWaterhouseCoopers	Bo-ru (Ellen) Kuo, Jian-hong (Joseph) Chou	Unqualified opinion
2016	PriceWaterhouseCoopers	Bo-ru (Ellen) Kuo ,Se Kai Lin ^(Note)	Unqualified opinion
2017	PriceWaterhouseCoopers	Bo-ru (Ellen) Kuo ,Se Kai Lin	Unqualified opinion
2018	PriceWaterhouseCoopers	Bo-ru (Ellen) Kuo ,Se Kai Lin	Unqualified opinion
2019	PriceWaterhouseCoopers	Chiao-sen (Jason) Lo ,Se Kai Lin ^(Note)	Improvement required under unqualified opinion

Note : In order to accommodate internal adjustments at PriceWaterhouseCoopers Taiwan, Yuanta Securities changed its independent auditors for the auditing of its financial statements from Bo-ru (Ellen) Kuo and Jian-hong (Joseph) Chou to Bo-ru (Ellen) Kuo and Se Kai Lin, starting with the 2016 third quarter financial report. Since Q1 of 2019 (inclusive), the independent auditors of financial statements were changed from Puo-Ju Kuo, CPA and Se-Kai Lin, CPA into Chiao-Sen (Jason) Lo, CPA and Se-Kai Lin, CPA.

II. Five-year financial analysis

(I) Financial analysis (Consolidated)

Year Item (Note 2)			Five year financial analysis (Note 1)					The financial data ending Jan. 31, 2020
			2015	2016	2017	2018	2019	
Capital Structure	Debt ratio (%)		79	82	85	83	84	NA
	Long term capital to real easte, plant and equipments (%)		1,837	1,595	1,603	1,831	1,972	NA
Stability	Current ratio		119	114	111	114	114	NA
	Quick ratio		119	114	111	113	113	NA
	Interest coverage ratio		4	3	3	3	3	NA
Operating performance	Accounts receivable turnover (times)		NA	NA	NA	NA	NA	NA
	Cash cycle (days)		NA	NA	NA	NA	NA	NA
	Inventory turnover (times)		NA	NA	NA	NA	NA	NA
	Accounts payable turnover (times)		NA	NA	NA	NA	NA	NA
	Operating cycle (days)		NA	NA	NA	NA	NA	NA
	Real easte, plant and equipment turnover (times)		4.59	4.43	5.44	6.37	6.33	NA
	Total asset turnover (times)		0.06	0.05	0.06	0.06	0.06	NA
Profitability	Return on assets (%)		3	2	2	2	2	NA
	Return on equity (%)		10	7	9	9	9	NA
	Income to capital (%)	Operating income (%)	9	8	15	20	16	NA
		Income before tax (%)	20	16	18	23	19	NA
	Net income to sales (%)		33	27	25	25	24	NA
	EPS (NT\$)		1.77	1.35	1.47	1.62	1.56	NA
Cash flow	Cash flow ratio (%)		—	2	—	3	2	NA
	Cash flow adequacy ratio (%)		261	166	116	161	117	NA
	Cash flow reinvestment (%)		—	5	—	12	8	NA
Leverage	Operating leverage		4.50	4.74	3.17	2.94	3.07	NA
	Financial leverage		3.48	7.23	1.87	1.99	2.70	NA
Others	Capital adequacy ratio (%)		NA	NA	NA	NA	NA	NA
	Operating profit ratio (%)		16	15	23	25	23	NA
	Total liabilities to total net capital ratio (%)		380	466	564	499	544	NA
	Real easte and Equipments to total asset ratio (%)		1	1	1	1	1	NA

Please explain reasons for fluctuations in each financial ratio during the past two years :

1. The decrease in operating profit to paid-in capital and the increase in financial leverage from last year were primarily a result of the decrease in the brokerage service charges this year from 2018.
2. The decrease in cash flow ratio and cash reinvestment ratio was primarily a result of the increase in securities margin trading accounts and accounts receivable resulting in the decrease in net cash inflow from operating activities this period from the previous period.
3. The decrease in cash flow adequacy ratio was primarily a result of the acquisition of Yuanta Securities Finance this year resulting in the increase in the capital expenditure for the most recent five years.

(II) Financial analysis (Individual)

Item (Note 2)		Year	Five year financial analysis (Note 1)					The financial data ending Jan. 31, 2020 (Note 2)
			2015	2016	2017	2018	2019	
Capital Structure	Debt ratio (%)		66	69	74	70	72	NA
	Long term capital to real estate, plant and equipments (%)		2,141	1,848	1,990	2,351	2,473	NA
Stability	Current ratio		128	120	114	117	116	NA
	Quick ratio		128	120	114	117	116	NA
	Interest coverage ratio		15	10	9	8	6	NA
Operating performance	Accounts receivable turnover (times)		NA	NA	NA	NA	NA	NA
	Cash cycle (days)		NA	NA	NA	NA	NA	NA
	Inventory turnover (times)		NA	NA	NA	NA	NA	NA
	Accounts payable turnover (times)		NA	NA	NA	NA	NA	NA
	Operating cycle (days)		NA	NA	NA	NA	NA	NA
	Real estate, plant and equipment turnover (times)		3.37	3.07	3.99	4.50	4.60	NA
	Total asset turnover (times)		0.06	0.05	0.06	0.06	0.06	NA
Profitability	Return on assets (%)		4	3	2	3	3	NA
	Return on equity (%)		10	8	9	9	9	NA
	Income to capital (%)	Operating income (%)	9	7	11	13	11	NA
		Income before tax (%)	19	15	16	20	17	NA
	Net income to sales (%)		57	50	43	46	44	NA
	EPS (NT\$)		1.77	1.35	1.47	1.62	1.56	NA
Cash flow	Cash flow ratio (%)		3	8	—	7	3	NA
	Cash flow adequacy ratio (%)		244	168	121	161	123	NA
	Cash flow reinvestment (%)		4	13	—	12	1	NA
Leverage	Operating leverage		2.89	3.02	2.48	2.31	2.36	NA
	Financial leverage		1.19	1.32	1.23	1.28	1.44	NA
Others	Capital adequacy ratio (%)		417	360	301	344	330	NA
	Operating profit ratio (%)		27	26	32	33	32	NA
	Total liabilities to total net capital ratio (%)		194	227	284	229	263	NA
	Real estate and Equipments to total asset ratio (%)		2	2	2	2	2	NA
Please explain reasons for fluctuations in each financial ratio during the past two years :								
<ol style="list-style-type: none"> 1. The decrease in interest coverage folds was primarily a result of the decrease in the income before tax this year from 2018. 2. The decrease in cash flow ratio and cash reinvestment ratio was primarily a result of the increase in securities margin trading accounts and accounts receivable resulting in the decrease in net cash inflow from operating activities this period from the previous period. 3. The decrease in cash flow adequacy ratio was primarily a result of the acquisition of Yuanta Securities Finance this year resulting in the increase in the capital expenditure for the most recent five years. 								

Note 1: Data for each full year above has been audited and certified by an independent auditor.

Note 2: The Financial information has not certified or audited by an independent external auditor until the date of publication of the annual report.

Note 3: The Company acquired the whole equity of Yuanta Securities Finance on March 26, 2019, the record date for settlement. Said transaction refers to the reorganization of entities commonly controlled. Therefore, the Company has identified the entities as having been consolidated ab initio when preparing the financial statements for the previous period as required and also re-prepared the financial statements for the previous period retroactively.

Note 4: The analysis of the item for calculating formula is as follows.

1 Capital structure

(1) Debt ratio = Total liabilities / Total assets

(2) Long-term capital to real estate, plant and equipments ratio = (Total equity + Long-term liabilities) / Net real estate, plant and equipments

2. Stability

(1) Current ratio = Current assets / Current liabilities

(2) Quick ratio = (Current assets - inventory - prepaid expenses) / Current liabilities

(3) Interest coverage ratio = EBIT / Current interest expenses

3. Operating performance

(1) Accounts receivable turnover (including account receivable and note receivable resulting from operations) = Net sales / Average accounts receivable balance for each period (including account receivable and note receivable resulting from operations)

(2) Average cash cycle (days) = 365 / Accounts receivable turnover

(3) Inventory turnover = COGS / Average inventory

(4) Accounts payable turnover (including account payable and note payable resulting from operations) = COGS / Average accounts payable balance for each period (including account payable and note payable resulting from operations)

(5) Average operating cycle (days) = 365 / Inventory turnover

(6) Real estate, plant and equipments turnover = Net sales / Net real estate, plant and equipments

(7) Total asset turnover = Net sales / Total assets

4. Profitability

(1) Return on assets = [Net profit (loss) + interest expense × (1 - tax rate)] / average total assets

(2) Return on equity = Net profit (loss) / average total equity

(3) Net margin = Net profit (loss) / net sales

(4) EPS = (Net profit - dividend on preferred stock) / Weighted average outstanding shares

5 Cash flow

(1) Cash flow ratio = Net cash flow from operations / Current liabilities

(2) Cash flow adequacy ratio = Net cash from operations over the past five years / (Capital expenses + change in inventory + cash dividends) over the past five years

(3) Cash flow reinvestment ratio = (Net cash flow from operations - cash dividends) / (Gross real estate, plant and equipments + long-term investments + other assets + operating capital).

6. Leverage

(1) Operating leverage = (Net operating revenues - variable operating costs and expenses) / Operating profits

(2) Financial leverage = Operating profit / (Operating profit - interest expense)

7. Other ratios

(1) Capital adequacy ratio = Adjusted capital (Tier I capital + Tier II capital - discounted assets) / Operational risk equivalent (market risk equivalent + counterparty risk equivalent + basis risk)

(2) Operating profit ratio = Operating profits / Net sales

(3) Total liabilities to total equity ratio = Total liabilities / total equity

(4) Real estate and equipments to total assets ratio = Total real estate and equipments / Total assets

III. Audit Committee Report of financial statements

YUANTA SECURITIES CO., LTD.

Audit Report from the Audit Committee

In relation to the business report, individual and consolidated financial statements, and earnings distribution plan prepared and submitted by the board of directors of the Company in 2019, the individual and consolidated financial statements have been reviewed and certified by Chiao-sen Lo, CPA and Se-Kai Lin, CPA of PricewaterhouseCoopers Certified Public Accountants, who gave an unqualified opinion on the audit report.

Said financial statements, along with earnings distribution plans, business reports, etc. were reviewed by the Audit Committee and no irregularities were found. We hereby issue the report in accordance with the law.

Submitted by:

2020 General Shareholders' Meeting of Yuanta Securities Co., Ltd.

Convener of Audit Committee

Yuanta Securities Co., Ltd.

Audit Committee Convener Ching-shan Hung

March 19, 2020

IV. Financial statements

YUANTA SECURITIES CO., LTD. AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

REPORT OF INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2019 AND 2018

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.

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

PWCR19000362

To the Board of Directors and Shareholders of Yuanta Securities Co., Ltd.

Opinion

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

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

Basis for opinion

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

Emphasis of matter

As stated in Note 4(2) of the consolidated financial statements, the Company acquired all the issued

shares of Yuanta Securities Finance Co., Ltd. with a settlement effective date of March 26, 2019. The above-mentioned transaction is an organizational restructure between the entities under common control. Thus, when preparing comparative financial statements, the prior year financial statements have been retrospectively restated as if these entities has been combined in accordance with related rules. Our opinion is not modified in respect of this matter.

Key audit matters

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

Fair value valuation of unlisted stocks

Description

For the accounting policy of unlisted stocks (accounted under financial assets at fair value through other comprehensive income), please refer to Note 4(9); for critical accounting estimates and assumption uncertainty of the fair value of unlisted stocks, please refer to Note 5; for the details on unlisted stocks, please refer to Note 6(3). The carrying amount of financial assets at fair value through other comprehensive income – unlisted stocks as at December 31, 2019, was NTD 13,934,487 thousand.

Because there are no active market quoted prices for financial assets at fair value through other comprehensive income – unlisted stocks held by the Company and its subsidiaries, the management uses valuation techniques and the assistance of experts to estimate the fair value. The valuation techniques used by the Company and its subsidiaries are primarily the market approach and the discounted cash flows. The market approach's main assumption is determining similar and comparable companies in order to obtain the related parameters as a reference for calculations. The discounted cash flows main assumption is the financial forecast of unlisted companies in order to obtain their related parameters as a reference for calculations. Because models and parameters used in valuation techniques are made by management's professional judgments and estimates, such accounting judgments and estimates are highly uncertain; we have thus included the fair value valuation of unlisted stocks as one of the key audit matters.

How our audit addressed the matter

We obtained an understanding of management's valuation procedures for unlisted equity securities. We sample tested the authorization procedures for the fair value valuation reports of unlisted equity securities.

In addition, we and our valuation expert discussed with management and sample tested the Company and its subsidiaries' valuation data for unlisted stocks, including the valuation documents provided by the management's experts, evaluated whether the valuation methods used by management were commonly used; we and our valuation expert also evaluated the reasonableness of the comparable companies under the market approach and sample tested related supporting documents regarding parameters used in the valuation.

Impairment assessment of goodwill

Description

For the accounting policy of the impairment assessment of goodwill (intangible assets), please refer to Notes 4(19) and Notes 4(20); for the critical accounting estimates and assumption uncertainty of impairment assessment of goodwill, please refer to Note 5; for the details on goodwill, please refer to Note 6(19). Goodwill after accumulated impairment as at December 31, 2019, was NTD 11,783,083 thousand.

The Company periodically performs impairment assessments on goodwill at the end of each year. Such assessments are based on cash generating units identified primarily through operating segments and the Company engaged the experts to assist in measuring the recoverable amounts of cash generating units based on future cash flows. Because the goodwill amount is material and the models and parameters used in calculating recoverable amounts are based on management's professional judgment and are critical accounting estimates, such as future cash flows, estimated growth rate and discount rate, we have thus included the impairment assessment of goodwill as one of the key audit matters.

How our audit addressed the matter

Our main audit procedures included obtaining asset impairment evaluation data prepared by management, sample testing the authorization procedures for impairment testing reports, and understanding and assessing management's cash flow forecasts and the process by which they were

developed. In addition, we and our valuation expert reviewed the management's prior year operation plan execution result; assessed the reasonableness of key assumptions used in impairment testing models, such as estimated growth rates and discount rates; and sample tested the parameters and calculation formulas of impairment testing models.

Other matter – Parent company only financial reports

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Company and its subsidiaries' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Company and its subsidiaries' financial reporting process.

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

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and its subsidiaries' internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and its subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Lo, Chiao-Sen

Lin, Se-Kai

For and on behalf of PricewaterhouseCoopers, Taiwan

March 19, 2020

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

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

YUANTA SECURITIES CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

ASSETS		Notes	December 31, 2019		(Restated) December 31, 2018	
			AMOUNT	%	AMOUNT	%
Current Assets						
111100	Cash and cash equivalents	6(1) and 7	\$ 53,216,742	7	\$ 47,622,688	7
112000	Financial assets at fair value through profit or loss - current	6(2)(25), 7 and 8	322,785,556	44	324,996,000	46
113200	Financial assets at fair value through other comprehensive income - current	6(3) and 8	75,157,054	10	69,476,463	10
113300	Financial assets measured at amortised cost - current	6(4) and 8	5,966,264	1	5,573,395	1
114010	Investment in bonds under reverse repurchase agreements	6(5) and 7	32,586,381	4	30,517,178	4
114030	Receivables from margin loans	6(11)	70,217,096	10	65,384,207	9
114040	Refinancing margin		-	-	89,528	-
114050	Refinancing deposits receivable		-	-	74,392	-
114060	Receivable of securities business money leading	6(6) and 7	30,940,854	4	28,149,163	4
114070	Customer margin accounts	6(10) and 7	3,689,864	-	2,583,919	-
114080	Futures margins receivable		1	-	7,210	-
114090	Receivables from security lending		126,207	-	1,089,676	-
114100	Deposits on securities borrowed	7	6,721,316	1	18,838,091	3
114110	Notes receivable		1,647	-	3,065	-
114130	Accounts receivable	6(7)	41,141,613	6	34,624,213	5
114140	Accounts receivable-related parties	6(7) and 7	125,278	-	68,663	-
114150	Prepayments		558,772	-	570,410	-
114170	Other receivables	6(8)	1,355,670	-	1,238,956	-
114180	Other receivables - related parties	6(8) and 7	23,383	-	13,046	-
114200	Other financial assets-current	6(9) and 8	19,450,773	3	17,514,330	2
114600	Current income tax assets	7	1,234,617	-	915,482	-
119000	Other current assets	6(12), 7 and 8	20,819,877	3	15,894,759	2
Total current assets			686,118,965	93	665,244,834	93
Non-current Assets						
122000	Financial assets at fair value through profit or loss - non-current	6(2) and 8	1,634,122	-	1,336,157	-
123200	Financial assets at fair value through other comprehensive income - non-current	6(3) and 8	14,510,509	2	13,664,690	2
123300	Financial assets measured at amortised cost - non-current	6(4) and 8	55,103	-	106,357	-
124100	Investments accounted for under the equity method	6(13)	2,073,695	-	1,935,943	-
125000	Property and equipment	6(14)(18) and 8	6,296,613	1	6,596,959	1
125800	Right-of-use assets	6(15) and 7	2,559,540	-	-	-
126000	Investment properties	6(17)(18) and 8	4,984,036	1	5,158,368	1
127000	Intangible assets	6(18)(19)	12,953,688	2	13,180,517	2
128000	Deferred income tax assets	6(41)	3,597,240	-	3,803,129	1
129000	Other non-current assets	6(20), 7 and 8	3,814,007	1	3,262,787	-
Total non-current assets			52,478,553	7	49,044,907	7
TOTAL ASSETS			\$ 738,597,518	100	\$ 714,289,741	100

(Continued)

YUANTA SECURITIES CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

LIABILITIES AND EQUITY			December 31, 2019		(Restated) December 31, 2018			
			AMOUNT	%	AMOUNT	%		
Notes								
Current liabilities								
211100	Short-term loans	6(21)	\$	60,847,992	8	\$	62,854,801	9
211200	Commercial paper payable	6(22)		38,621,728	5		35,520,285	5
212000	Financial liabilities at fair value through profit or loss - current	6(24)(25) and 7		118,942,016	16		104,895,603	15
214010	Liabilities for bonds with repurchase agreements	6(23) and 7		197,115,606	27		202,343,602	28
214040	Guarantee deposit received from short sales	7		8,025,210	1		7,478,544	1
214050	Deposit payable for short sales	7		9,216,987	1		8,338,522	1
214070	Guarantee deposit received on security lent	6(26)		28,783,494	4		32,456,068	5
214080	Futures traders' equity	6(10)		6,631,448	1		5,853,824	1
214130	Accounts payable	6(27)		40,478,217	6		28,648,759	4
214140	Accounts payable - related parties	6(27) and 7		52,458	-		8,831	-
214150	Advance collections			251,098	-		66,641	-
214160	Collections for third parties			753,073	-		557,175	-
214170	Other payables	6(28)		5,810,034	1		6,039,745	1
214180	Other payables - related parties	6(28) and 7		11,286	-		13,477	-
214200	Other financial liabilities - current	6(29) and 7		81,992,115	11		81,570,726	11
214600	Current income tax liabilities	7		2,476,123	-		2,005,093	-
215200	Long-term liabilities - current portion	6(30)		-	-		1,327,447	-
214090	Equity for each customer in the account			187,524	-		388,219	-
216000	Lease liabilities - current	7		618,666	-		-	-
219000	Other current liabilities	6(31)		3,570,185	1		5,610,445	1
Total current liabilities				604,385,260	82		585,977,807	82
Non-current liabilities								
221100	Bonds payable	6(32)		9,449,634	1		1,503,562	-
225100	Provision - non-current			148,548	-		61,005	-
226000	Lease liabilities - non-current	7		2,170,618	-		-	-
228000	Deferred income tax liabilities	6(41)		2,894,876	-		2,968,680	-
229000	Other non-current liabilities	6(33)(34) and 7		4,804,065	1		4,499,249	1
Total non-current liabilities				19,467,741	2		9,032,496	1
Total Liabilities				623,853,001	84		595,010,303	83
Equity attributable to owners of the parent								
301000	Share capital							
301010	Common stock	6(35)		57,820,321	8		54,056,442	8
302000	Capital reserve							
302000	Capital surplus	6(36)		543,931	-		1,858,215	-
304000	Retained earnings							
304010	Legal reserve	6(37)		8,638,995	1		7,755,359	1
304020	Special reserve	6(36)(38)		19,788,771	3		21,760,775	3
304040	Unappropriated earnings	6(39)		7,826,374	1		8,836,364	1
305000	Other equity interest			5,903,689	1		1,169,937	1
305600	Former equity under common control			-	-		9,489,322	1
306000	Non-controlling interests			14,222,436	2		14,353,024	2
Total Equity				114,744,517	16		119,279,438	17
TOTAL LIABILITIES AND EQUITY			\$	738,597,518	100	\$	714,289,741	100

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

YUANTA SECURITIES CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31				
					(Restated)	
			2019		2018	
Items	Notes		AMOUNT	%	AMOUNT	%
Revenues						
401000	Brokerage fee revenue	6(40) and 7	\$ 13,131,278	32	\$ 15,803,720	38
402000	Service fees for security lending		1,161	-	1,180	-
403000	Borrowed stock revenue		1,480,324	4	991,411	2
404000	Underwriting fee revenue	6(40)	1,281,945	3	809,485	2
406000	Wealth management net income		583,294	1	464,760	1
410000	Net gain on sales of trading securities	6(2)(40) and 7	5,368,530	13	844,602	2
421100	Income from transfer-agent services	7	276,890	1	317,878	1
421200	Interest income	6(40) and 7	12,979,737	32	13,144,040	31
421300	Dividend income	7	1,371,985	3	1,160,609	3
421500	Net gain (loss) on trading securities at fair value through profit or loss	6(2)(40)	4,307,465	11	(5,240,838)	(13)
421600	Net loss on short covering and trading securities - RS financing covering		(993,655)	(2)	(225,597)	(1)
421610	Valuation (losses) gains on borrowed securities and bonds with resale agreements short sales at fair value through profit or loss		(1,940,248)	(5)	1,204,940	3
421750	Realized gain (loss) on financial assets at fair value through other comprehensive income- debt instruments		190,528	1	(16,203)	-
421800	Valuation losses on securities for futures margin at fair value through profit or loss		(28,648)	-	(59,270)	-
422000	Loss on Exchange Traded Note		(5,317)	-	-	-
422200	Gain on warrants issuance	6(40)	255,504	1	3,598,795	8
424100	Commission income - futures	7	180,725	-	254,622	1
424400	Net gain from derivative instruments - futures	6(40)	902,672	2	3,360,777	8
424500	Net (loss) gain from derivative instruments - OTC	6(40)	(2,796,084)	(7)	1,591,566	4
424900	Consultation service income		85	-	4,435	-
425100	Gains arising from derecognition of financial assets measured at amortized cost	6(4)	-	-	2,680	-
425300	(Expected credit impairment loss) reversal of impairment loss	6(40)	(280,993)	(1)	(87,629)	-
428000	Other operating income	6(40) and 7	4,528,893	11	4,037,335	10
Total revenues			<u>40,796,071</u>	<u>100</u>	<u>41,963,298</u>	<u>100</u>
Expense						
501000	Handling charges - brokerage		(1,507,566)	(4)	(1,242,814)	(3)
502000	Handling charges - proprietary trading	7	(207,979)	-	(207,954)	(1)
503000	Service charges - refinancing		(513)	-	(1,403)	-
504000	Underwriting charges – refinancing		(23,833)	-	(16,970)	-
521200	Financial costs	7	(5,942,111)	(15)	(5,275,096)	(13)
521640	Loss from security borrowing		(57,838)	-	(6,642)	-
524200	Security commission fees		(3,418)	-	(13,553)	-
524300	Service charges - clearing and settlement	7	(66,225)	-	(73,619)	-
528000	Other operating expenditure		(683,476)	(2)	(528,085)	(1)
531000	Employee benefits expenses	6(34)(40)	(13,864,916)	(34)	(14,170,128)	(34)
532000	Depreciation and amortization	6(40) and 7	(1,600,150)	(4)	(1,296,566)	(3)
533000	Other operating expenses	6(40) and 7	(7,390,679)	(18)	(8,529,818)	(20)
Total cost and expenses			<u>(31,348,704)</u>	<u>(77)</u>	<u>(31,362,648)</u>	<u>(75)</u>
Operating profit			9,447,367	23	10,600,650	25
601000	Share of profit of associates and joint ventures accounted for under the equity method	6(13)	224,117	-	82,435	-
602000	Other gains and losses	6(40) and 7	1,504,929	4	1,530,032	4
902001	Income before income tax		11,176,413	27	12,213,117	29
701200	Income tax expense	6(41)	(1,163,152)	(3)	(1,623,276)	(4)
902005	Net income		\$ 10,013,261	24	\$ 10,589,841	25

(Continued)

YUANTA SECURITIES CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31			
		2019		(Restated) 2018	
Items	Notes	AMOUNT	%	AMOUNT	%
Other comprehensive income (loss)					
Items that will not be reclassified to profit or loss					
805510	Remeasurement arising on defined benefit plan	(\$ 120,797)	-	(\$ 175,943)	-
805530	Fair value change from own credit risk on financial liabilities designated at fair value	(13,553)	-	(213,633)	(1)
805540	Gain on equity instruments classified at fair value through other comprehensive income	1,156,992	3	1,940,746	5
805550	Share of other comprehensive income (expense) of associates and joint ventures accounted for under the equity method	7,452	-	(1,784)	-
805599	Income tax in relation to items that will not be reclassified to profit or loss	26,342	-	124,957	-
Items that may be reclassified subsequently to profit or loss					
805610	Translation differences for foreign operations	(1,481,623)	(4)	17,587	-
805615	Gain (loss) on debt instruments classified at fair value through other comprehensive income	1,189,008	3	(581,404)	(1)
805699	Income tax in relation to items that may be reclassified subsequently to profit or loss	(120,122)	-	(25,295)	-
Other comprehensive income for the period, net of tax		643,699	2	1,085,231	3
Total comprehensive income for the period		<u>\$ 10,656,960</u>	<u>26</u>	<u>\$ 11,675,072</u>	<u>28</u>
Profit attributable to:					
Owners of the parent		\$ 8,963,832	22	\$ 8,888,331	21
Former equity under common control		54,687	-	503,077	1
Non-controlling interests		994,742	3	1,198,433	3
Total net income		<u>\$ 10,013,261</u>	<u>25</u>	<u>\$ 10,589,841</u>	<u>25</u>
Total comprehensive income attributable to:					
Owners of the parent		\$ 10,202,436	25	\$ 9,774,055	23
Former equity under common control		299,905	1	1,039,518	3
Non-controlling interests		154,619	-	861,499	2
Total comprehensive income		<u>\$ 10,656,960</u>	<u>26</u>	<u>\$ 11,675,072</u>	<u>28</u>
Basic and diluted earnings per share					
Owners of the parent		\$	1.55	\$	1.54
Former equity under common control			0.01		0.08
Basic and diluted earnings per share		<u>\$</u>	<u>1.56</u>	<u>\$</u>	<u>1.62</u>

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

YUANTA SECURITIES CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Equity attributable to owners of the parent													
	Retained Earnings						Unrealise d gains (losses) on financial assets measured at fair value through other comprehensive income	Unrealize d gain (loss) on valuation of available- for-sale financial assets	Change in fair value of financial liability attributable to change in credit risk of liability	Total	Equity attributable to former owner of business combination under common control	Non- controlling interest	Total equity	
	Common stock	Capital reserve	Legal reserve	Special reserve	Unappropri ated earnings	Exchange differences on translation of foreign subsidiaries' financial statements								
For the year ended December 31, 2018 (After restatement)														
Balance at January 1, 2018	\$ 54,056,442	\$ 1,790,174	\$ 6,990,481	\$ 20,229,681	\$ 7,648,777	(\$ 1,706,840)	\$ -	\$ 2,122,265	\$ -	\$ 91,130,980	\$ 9,994,085	\$ 13,670,877	\$ 114,795,942	
Effects of retrospective application and retrospective restatement	-	-	-	-	(92,683)	-	1,973,726	(2,122,265)	58,043	(183,179)	(79,676)	(42,970)	(305,825)	
Balance at 1 January, 2018, after restatement	54,056,442	1,790,174	6,990,481	20,229,681	7,556,094	(1,706,840)	1,973,726	-	58,043	90,947,801	9,914,409	13,627,907	114,490,117	
Net income for the year	-	-	-	-	8,888,331	-	-	-	-	8,888,331	503,077	1,198,433	10,589,841	
Other comprehensive (loss) income for the year	-	-	-	-	(37,610)	182,541	828,633	-	(87,840)	885,724	536,441	(336,934)	1,085,231	
Total comprehensive income (loss)	-	-	-	-	8,850,721	182,541	828,633	-	(87,840)	9,774,055	1,039,518	861,499	11,675,072	
Appropriation of prior year's earnings														
Legal reserve	-	-	764,878	-	(764,878)	-	-	-	-	-	-	-	-	
Special reserve	-	-	-	1,567,999	(1,567,999)	-	-	-	-	-	-	-	-	
Reversal of special reserve	-	-	-	(36,905)	36,905	-	-	-	-	-	-	-	-	
Cash dividends	-	-	-	-	(5,352,805)	-	-	-	-	(5,352,805)	(1,464,605)	-	(6,817,410)	
Change in equity of associates and joint ventures accounted for under the equity method	-	68,041	-	-	-	-	-	-	-	68,041	-	-	68,041	
Change in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(136,382)	(136,382)	
Disposal of equity instruments classified at fair value through other comprehensive income	-	-	-	-	78,326	-	(78,326)	-	-	-	-	-	-	
Balance at December 31, 2018	\$ 54,056,442	\$ 1,858,215	\$ 7,755,359	\$ 21,760,775	\$ 8,836,364	(\$ 1,524,299)	\$ 2,724,033	\$ -	(\$ 29,797)	\$ 95,437,092	\$ 9,489,322	\$ 14,353,024	\$ 119,279,438	
For the year ended December 31, 2019														
Balance at January 1, 2019	\$ 54,056,442	\$ 1,858,215	\$ 7,755,359	\$ 21,760,775	\$ 8,836,364	(\$ 1,524,299)	\$ 2,724,033	\$ -	(\$ 29,797)	\$ 95,437,092	\$ 9,489,322	\$ 14,353,024	\$ 119,279,438	
Effects of retrospective application and retrospective restatement	-	-	-	-	(72,575)	-	-	-	-	(72,575)	-	(55,695)	(128,270)	
Balance at 1 January, 2019, after restatement	54,056,442	1,858,215	7,755,359	21,760,775	8,763,789	(1,524,299)	2,724,033	-	(29,797)	95,364,517	9,489,322	14,297,329	119,151,168	
Net income for the year	-	-	-	-	8,963,832	-	-	-	-	8,963,832	54,687	994,742	10,013,261	
Other comprehensive (loss) income for the year	-	-	-	-	(49,676)	(794,612)	2,089,824	-	(6,932)	1,238,604	245,218	(840,123)	643,699	
Total comprehensive income (loss)	-	-	-	-	8,914,156	(794,612)	2,089,824	-	(6,932)	10,202,436	299,905	154,619	10,656,960	
Appropriation of prior year's earnings														
Legal reserve	-	-	883,636	-	(883,636)	-	-	-	-	-	-	-	-	
Special reserve	-	-	-	1,811,455	(1,811,455)	-	-	-	-	-	-	-	-	
Reversal of special reserve	-	-	-	(19,580)	19,580	-	-	-	-	-	-	-	-	
Cash dividends	-	-	-	-	(6,160,853)	-	-	-	-	(6,160,853)	-	-	(6,160,853)	
Special reserve transferred to share capital	3,763,879	-	-	(3,763,879)	-	-	-	-	-	-	-	-	-	
Effects of organizational restructure	-	(1,459,107)	-	-	(1,188,121)	-	3,618,386	-	-	971,158	(9,789,227)	-	(8,818,069)	
Changes in equity of associates and joint ventures accounted for under the equity method	-	144,823	-	-	-	-	-	-	-	144,823	-	-	144,823	
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(229,512)	(229,512)	
Disposal of equity instruments classified at fair value through other comprehensive income	-	-	-	-	172,914	-	(172,914)	-	-	-	-	-	-	
Balance at December 31, 2019	\$ 57,820,321	\$ 543,931	\$ 8,638,995	\$ 19,788,771	\$ 7,826,374	(\$ 2,318,911)	\$ 8,259,329	\$ -	(\$ 36,729)	\$ 100,522,081	\$ -	\$ 14,222,436	\$ 114,744,517	

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

YUANTA SECURITIES CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	2019	(Restated) 2018
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Profit before tax	\$ 11,176,413	\$ 12,213,117
Adjustments		
Adjustments to reconcile profit (loss)		
Net (gain) loss on trading securities at fair value through profit or loss	(4,307,465)	5,240,838
Valuation losses (gains) on borrowed securities and bonds with resale agreements - short sales at fair value through profit or loss	1,940,248	(1,204,940)
Depreciation (including investment properties)	1,415,537	595,087
Amortization	273,234	773,399
Expected credit impairment loss	280,993	87,629
Financial costs	5,942,111	5,275,096
Interest income (including financial revenue)	(13,494,114)	(13,547,768)
Dividend income	(1,846,216)	(1,560,142)
Share of profit of associates and joint ventures accounted for under the equity method	(224,117)	(82,435)
Gain on disposal of property and equipment and investment properties	(37,514)	(202,662)
Loss (gain) on disposal of intangible assets	133	(5,381)
Net (gain) loss of non-operating financial instrument measured at fair value	(4,563)	2,093
Gain on disposal of financial assets measured at cost	-	(2,680)
Impairment loss of non financial assets	6,048	4,593
Reversal of impairment loss on non-financial assets	(3,606)	(5,358)
Changes in operating assets and liabilities		
Changes in operating assets		
Financial assets at fair value through profit or loss	6,224,507	(16,809,189)
Financial assets at fair value through other comprehensive income	(4,184,446)	3,062,186
Financial assets measured at amortised cost	(341,557)	(2,641,329)
Investment in bonds under reverse repurchase agreements	(2,069,203)	(6,376,187)
Receivables from margin loans	(4,833,434)	17,666,656
Refinancing margin	89,528	(80,301)
Refinancing deposits receivable	74,392	(66,750)
Receivable of securities business money lending	(2,803,834)	(4,171,521)
Customer margin accounts	(1,105,945)	(231,055)
Futures margins receivable	7,209	(7,208)
Receivables from security lending	963,469	(680,764)
Deposits on securities borrowed	12,116,775	2,447,924
Notes receivable	1,418	14,135
Accounts receivable	(6,323,314)	16,191,531
Prepayments	(42,771)	(49,501)
Other receivables	(603,831)	(434,586)
Other financial assets - current	(1,867,182)	(3,447,266)
Other current assets	(5,064,190)	(251,157)
Other non-current assets	(535,940)	294,028

(Continued)

YUANTA SECURITIES CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	2019	(Restated) 2018
Changes in operating liabilities		
Financial liabilities at fair value through profit or loss	\$ 12,092,611	(\$ 7,055,766)
Liabilities for bonds with repurchase agreements	(5,227,996)	16,483,117
Guarantee deposit received from short sales	546,666	(706,955)
Deposit payable for short sales	878,465	(740,959)
Guarantee deposit received on security lent	(3,672,574)	8,270,831
Futures traders' equity	777,624	590,990
Accounts payable	11,836,210	(15,160,396)
Advance collections	184,457	(69,077)
Collections for third parties	195,898	(592,690)
Other payables	(231,902)	551,512
Other financial liabilities - current	421,389	(3,728,990)
Equity for each customer in the account	(200,695)	128,334
Other current liabilities	(2,040,260)	1,305,764
Provision - non-current	(26,816)	17,168
Other non-current liabilities	189,915	364,306
Cash inflow generated from operations	6,541,765	11,667,321
Interest received	13,526,264	13,542,333
Dividends received	1,850,670	1,380,403
Interest paid	(5,839,833)	(5,078,928)
Income taxes paid	(972,951)	(1,795,144)
Net cash flows generated from operating activities	15,105,915	19,715,985
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment and investment property	(232,170)	(298,422)
Proceeds from disposal of property and equipment and investment properties	194,105	1,317,613
Acquisition of intangible assets	(98,202)	(150,130)
Proceeds from disposal of intangible assets	5,877	13,416
Acquisition of investments accounted for under the equity method	(145,471)	(459,868)
Proceeds from disposal, liquidation and return of capital of investments accounted for under the equity method	142,440	115,719
Acquisition of subsidiaries	(8,818,069)	-
Net cash flows (used in) from investing activities	(8,951,490)	538,328
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term loans	(2,006,809)	(5,343,970)
Increase (decrease) in commercial paper payable	2,969,956	(3,519,801)
Repayment of long-term loans	(796,230)	(2,740,300)
Increase in bonds payable	8,500,000	1,507,908
Repayment of bonds payable	(424,656)	(2,119,067)
Principal elements of lease payments/finance lease payments	(792,019)	-
Cash dividends paid	(6,160,853)	(6,817,410)
Net cash flows generated from (used in) financing activities	1,289,389	(19,032,640)
Effects of exchange rate changes	(1,849,760)	601,202
Net increase in cash and cash equivalents	5,594,054	1,822,875
Cash and cash equivalents at beginning of year	47,622,688	45,799,813
Cash and cash equivalents at end of year	\$ 53,216,742	\$ 47,622,688

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

YUANTA SECURITIES CO., LTD. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS
OTHERWISE INDICATED)

1. HISTORY AND ORGANIZATION

Yuanta Securities Co., Ltd. (the “Company”) and its subsidiaries (collectively referred here in as the “Group”) profile is described below:

- (1) Yuanta Securities Co., Ltd. was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) and commenced business operations in 1996. The Company is mainly engaged in brokerage of marketable securities, underwriting, proprietary trading, futures dealer, issuance of warrants, offering and issuance of derivative instruments and structured products and other related business with approvals from the governing authorities.
- (2) As of December 31, 2019, the Company had 146 branches (including the head office). The Offshore Securities Unit was incorporated during the first half of 2014. As of December 31, 2019 and 2018, the Group had 7,941 and 7,789 employees, respectively.
- (3) The Company’s parent company and ultimate parent company is Yuanta Financial Holdings Co., Ltd. (“Yuanta Financial Holdings”).

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

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

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

IFRS 16, ‘Leases’

- A. IFRS 16, ‘Leases’, replaces IAS 17, ‘Leases’ and related interpretations and SICs. The standard requires lessees to recognize a ‘right-of-use asset’ and a ‘lease liability’ (except for those leases with terms of 12 months or less and leases of low-value assets). The accounting stays the same for lessors, which is to classify their leases as either finance leases or operating leases and account for those two types of leases differently. IFRS 16 only requires enhanced disclosures to be provided by lessors.

- B. The Group has elected to apply IFRS 16 by not restating the comparative information (referred herein as the ‘modified retrospective approach’) when applying “IFRSs” effective in 2019 as endorsed by the FSC. Accordingly, the Group increased ‘right-of-use asset’ and ‘lease liability’ by \$3,346,553 and \$3,601,761, decreased retained earnings and non-controlling interests by \$72,575 and \$55,695, and increased other relevant assets and other relevant liabilities by \$235,401 and \$108,463 with respect to the lease contracts of lessees on January 1, 2019.
- C. The Group has used the following practical expedients permitted by the standard at the date of initial application of IFRS 16:
- (A) Reassessment as to whether a contract is, or contains, a lease is not required, instead, the application of IFRS 16 depends on whether or not the contracts were previously identified as leases applying IAS 17 and IFRIC 4.
 - (B) The use of a single discount rate to a portfolio of leases with reasonably similar characteristics.
 - (C) The accounting for operating leases whose period will end before December 31, 2019 as short-term leases and accordingly, rent expense of \$38,725 was recognized in 2019.
 - (D) The exclusion of initial direct costs for the measurement of ‘right-of-use asset’.
 - (E) The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.
- D. The Group calculated the present value of lease liabilities by using the weighted average incremental borrowing rate or interest rate implicit in the lease range from 0.93% ~ 8.50%.
- E. The Group recognized lease liabilities which had previously been classified as ‘operating leases’ under the principles of IAS 17, ‘Leases’. The reconciliation between operating lease commitments under IAS 17 measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate at date of initial application or interest rate implicit in the lease and lease liabilities recognized as of January 1, 2019 is as follows:

Operating lease commitments disclosed by applying IAS 17 as at December 31, 2018	\$ 3,910,964
Add: Lease payable recognized under finance lease by applying IAS 17 as at December 31, 2018	6,142
Less: Short-term leases	(39,578)
Less: Low-value assets	(14,822)
Less: Contracts reassessed as service agreements	(5,903)
Total lease contracts amount recognized as lease liabilities by applying IFRS 16 on January 1, 2019	3,856,803
Incremental borrowing rate at date of initial application or interest rate implicit in the lease	0.93%~8.50%
Lease liabilities recognized as at January 1, 2019 by applying IFRS 16	<u>\$ 3,601,761</u>

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

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

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

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

(3) IFRSs issued by International Accounting Standards Board (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 noncurrent'	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 financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Firms", "Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants", and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC.

(2) Basis of preparation

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

- (A) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- (B) Financial assets at fair value through other comprehensive income.
- (C) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

C. On March 25, 2019, the Board of Directors of the Company resolved to acquire all the issued shares of Yuanta Securities Finance Co., Ltd. (Yuanta Securities Finance) by \$8,818,069 with settlement effective date of March 26, 2019. According to Interpretation (100)390 issued by the Accounting Research and Development Foundation of R.O.C. (ARDF), the merger between the Company and the controlled subsidiary of Yuanta Financial Holdings is viewed as an organizational restructure between the entities under common control. This merger is accounted for using the carrying amount of Yuanta Financial Holdings' long-term equity investment in Yuanta Securities Finance, and the difference between the cash consideration paid and the carrying amount of long-term equity investments is adjusted in the appropriate equity account. In addition, according to Interpretation (101)301 issued by the ARDF, the equity under common control is viewed as if these entities had always been combined, and the comparative financial statements should be retrospectively restated to reflect this. However, the equity under common control is presented as former equity under common control in the consolidated financial statements.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

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. The Group uses acquisition method for acquiring the subsidiaries. The acquired cost is measured at acquired asset, issued equity and occurred or promised liabilities through fair value and added the acquired cost that can be attributed directly. Identifiable assets, liabilities and contingent liabilities that were acquired during business combination are measured at their original fair value at the date of acquisition but without considering the shares of non-controlling interests. The excess amount of the consideration over the fair value of net identifiable asset is recognized as goodwill. If the consideration is less than the fair value of net identifiable asset the difference is recognized in the statement of comprehensive income based on the percentage of shares in the subsidiary. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity. Inter-company transactions, balances and unrealized 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. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

B. The subsidiaries included in the Group's consolidated financial statements are as follows:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		Description
			December 31, 2019	December 31, 2018	
The Company	Yuanta Securities Asia Financial Services, Ltd. ("Yuanta Securities Asia Financial Services")	Holding company	100.00%	100.00%	
The Company	Yuanta International Insurance Brokers Co., Ltd.	Insurance brokers	100.00%	100.00%	
The Company	Yuanta Securities Finance	Securities financing and refinancing to securities firms and related business	100.00%	-	Note 1
Yuanta Securities Asia Financial Services	Yuanta Securities Holding (B.V.I.) Ltd.	Holding company	-	100.00%	Note 2
Yuanta Securities Asia Financial Services	Yuanta Securities (Hong Kong) Co., Ltd. ("Yuanta Securities (Hong Kong)")	Securities brokerage, dealing and underwriting/ Investment consulting	100.00%	100.00%	
Yuanta Securities Asia Financial Services	Yuanta Asia Investment (Hong Kong) Ltd. ("Yuanta Asia Investment (Hong Kong)")	Securities brokerage, dealing	100.00%	100.00%	Note 3
Yuanta Securities Asia Financial Services	Yuanta Asia Investment Ltd. ("Yuanta Asia Investment(B.V.I.)")	Venture capital business/Venture capital fund raising and management/ Investment advisory	-	100.00%	
Yuanta Securities Asia Financial Services	Yuanta Investment Consulting (Beijing) Co., Ltd.	Investment consulting	100.00%	100.00%	
Yuanta Securities Asia Financial Services	Yuanta Securities Korea Co., Ltd. ("Yuanta Securities (Korea)")	Securities trading/ Advising on securities/ Advising on futures contracts/ Underwriting/ Asset management/ Financial advisory/ Futures contracts trading	55.36%	54.62%	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		Description
			December 31, 2019	December 31, 2018	
Yuanta Securities Asia Financial Services	Yuanta Hong Kong Holdings (Cayman) Ltd. (“Yuanta Hong Kong Holdings (Cayman)”)	Holding company	100.00%	100.00%	
Yuanta Securities Asia Financial Services	Yuanta Securities (Thailand) Co., Ltd. (“Yuanta Securities (Thailand)”)	Securities brokerage, dealing and underwriting/ Investment consulting	99.99%	99.99%	
Yuanta Securities Asia Financial Services	Yuanta Securities Vietnam Limited Company (“Yuanta Securities (Vietnam)”)	Securities brokerage, dealing and underwriting/ Investment consulting	85.24%	85.24%	Note 4
Yuanta Asia Investment (Hong)	Yuanta Asia Investment Ltd. (“Yuanta Asia Investment(B.V.I.)”)	Venture capital business/Venture capital fund raising and management/ Investment advisory	100.00%	-	
Yuanta Securities (Korea)	Yuanta Investment Co., Ltd.	Investment	55.36%	54.62%	
Yuanta Securities (Korea)	Yuanta Financial (Hong Kong)Ltd. (“Yuanta Financial (Hong Kong)	Holding company	55.36%	54.62%	
Yuanta Financial (Hong Kong)	Yuanta Securities (Cambodia) Plc.	Underwriting/ Financial advisory	55.36%	54.62%	
Yuanta Financial (Hong Kong)	Heng Xin Asia Holdings Ltd. (“Heng Xin Asia Holdings”)	Holding company	-	49.23%	Note 5
Yuanta Securities (Hong Kong)	Yuanta International Investment(Hong Kong) Ltd.	Issuance of financial commodities	100.00%	100.00%	
Yuanta Securities (Hong Kong)	Yuanta Finance (Hong Kong) Ltd.	Credit loans	100.00%	100.00%	
Yuanta Securities (Hong Kong)	PT Yuanta Sekuritas Indonesia (“Yuanta Sekuritas (Indonesia)”)	Securities trading/ Underwriting	99.00%	99.00%	
Yuanta Securities (Hong Kong)	PT Yuanta Asset Management (“Yuanta Asset Management”)	Investment management	0.002%	0.002%	
Yuanta Securities (Hong Kong)	Yuanta Investment Management(Cayman) Ltd.	Investment management	100.00%	100.00%	
Yuanta Securities (Hong Kong)	Yuanta Securities (Vietnam)	Securities brokerage, dealing and underwriting/ Investment consulting	14.76%	14.76%	Note 4
Yuanta Securities (Indonesia)	PT Yuanta Asset Management (“Yuanta Asset Management”)	Investment management	99.998%	99.998%	
Yuanta Asia Investment (B.V.I.)	Reska Dana Yuanta Liquid Plus Money Market Fund	Investment in debt instruments	91.20%	99.90%	
Yuanta Asia Investment (B.V.I.)	Reksa Dana Yuanta Fixed Income Fund	Investment in debt instruments	70.67%	65.81%	
Yuanta Asia Investment (B.V.I.)	Reksa Dana Indeks Yuanta Sri-Kehati Index Fund	Investment in debt instruments	99.24%	98.35%	Note 6
Yuanta Asia Investment (B.V.I.)	Reksa Dana Yuanta Equity Alpha Fund	Investment in debt instruments	100.00%	100.00%	Note 6

Note 1: The Group viewed as if Yuanta Securities Finance’s equity under common control had always been combined, and the comparative financial statements should be retrospectively restated.

Note 2: In June 2019, the Board of Directors approved the dissolution and liquidation of Yuanta Securities Holding (B.V.I.) Ltd. The effective date for liquidation was December 27, 2019. The liquidation was completed on February 14, 2020.

Note 3: In May 2019, the Board of Directors of Yuanta Securities Asia Financial Services' increased capital to Yuanta Asia Investment (Hong Kong) and the process was completed in September 2019. Yuanta Asia Investment (Hong Kong) formerly known as Polaris Securities (Hong Kong) Ltd., and was renamed in September 2019.

Note 4: In March 2018, the Board of Directors approved the Company increased capital to Yuanta Securities (Vietnam) and the process was completed in August 2018. The First Securities Joint Stock Co., Ltd. was renamed as "Yuanta Securities Vietnam Joint Stock Company" in February 2018 and renamed "Yuanta Securities Vietnam Limited Company" in January 2019.

Note 5: In March 2018, the Board of Directors approved the dissolution and liquidation of Heng Xin Asia Holdings. The liquidation was completed in June 2019.

Note 6: Invested in the fourth quarter of 2018.

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C. As of December 31, 2019 and 2018, the following are the structured entities controlled by Yuanta Securities (Korea):

December 31, 2019	
Name of structured entity	Main Business Activities
YK Hessen Co.,Ltd.	Asset-backing
YK Indus Co.,Ltd.	Asset-backing
YK Dway 2nd Co.,Ltd.	Asset-backing
YK Biz Co.,Ltd.	Asset-backing
SJ First Co.,Ltd.	Asset-backing
YK Monaco Co.,Ltd.	Asset-backing
YK JP the 7th Co.,Ltd.	Asset-backing
DG.southone 1st Co., Ltd.	Asset-backing
YFI Yeosu Co., Ltd.	Asset-backing
UT sixth Co., Ltd.	Asset-backing
YK Gunsun 1st Co., Ltd.	Asset-backing
First M 2nd.Co.,Ltd.	Asset-backing
First M 3rd.Co.,Ltd.	Asset-backing
DK project second Co., Ltd.	Asset-backing
YK Hotel the 1st Co., Ltd.	Asset-backing
Y.K.Stone the First Co., Ltd.	Asset-backing
YK Grand. Co., Ltd.	Asset-backing
YK HD Co., Ltd.	Asset-backing
YFI Double S1 Co., Ltd.	Asset-backing
YFI Double S2 Co., Ltd.	Asset-backing
YK Dragon. Co., Ltd.	Asset-backing
Y.K.Glory the 1th.Co., Ltd.	Asset-backing
YK MEDICINE Co., Ltd.	Asset-backing
YKWork. Co., Ltd.	Asset-backing
YK BeomCheon the 1st Co., Ltd.	Asset-backing
YK MIRACLE Co., Ltd.	Asset-backing
YKCF. Co., Ltd.	Asset-backing
SJ beomcheon second Co., Ltd.	Asset-backing
YK Maritime Co., Ltd.	Asset-backing
YK Bugae the 1st Co., Ltd.	Asset-backing
YK Mozart II Co., Ltd.	Asset-backing
YKSEAWORK. Co., Ltd.	Asset-backing
Y.K. Cherry the First Co., Ltd.	Asset-backing
YK Chile Co., Ltd.	Asset-backing
YK Songdo. Co., Ltd.	Asset-backing
SJ bondong third Co., Ltd.	Asset-backing
YK Whistle Co., Ltd.	Asset-backing

December 31, 2019

Name of structured entity	Main Business Activities
BUMERSQUARE 1st. Co., Ltd.	Asset-backing
Y.K.Blue the 5th. Co., Ltd.	Asset-backing
YK Star. Co., Ltd.	Asset-backing
YK GO. Co., Ltd.	Asset-backing
YK Hyper Co., Ltd.	Asset-backing
YKDragonLake Co., Ltd.	Asset-backing
Y.K. Spark the First Co., Ltd.	Asset-backing
YKDY Co., Ltd.	Asset-backing
YkNineMall Co., Ltd.	Asset-backing
YKSEONHWA. Co., Ltd.	Asset-backing
Gold Poongmu the 1st Co., Ltd.	Asset-backing
SJ gangbuk first Co., Ltd.	Asset-backing

December 31, 2018

Name of structured entity	Main Business Activities
YK Sky Co.,Ltd.	Asset-backing
YK APT the 1st Co.,Ltd.	Asset-backing
Y.K.S.W. Second Co.,Ltd.	Asset-backing
Y.K. New NC 1st Co.,Ltd.	Asset-backing
YK Halfmoon 2nd Co.,Ltd.	Asset-backing
Y.K. New NC Second Co.,Ltd.	Asset-backing
YK Hessen Co.,Ltd.	Asset-backing
ELF 5th Co.,Ltd.	Asset-backing
YK Indus Co.,Ltd.	Asset-backing
YK Mozart Co.,Ltd.	Asset-backing
YK Dway 2nd Co.,Ltd.	Asset-backing
YK Biz Co.,Ltd.	Asset-backing
YK Blueocean the First Co.,Ltd.	Asset-backing
YK Stella Co.,Ltd.	Asset-backing
YK HIT Co.,Ltd.	Asset-backing
SJ First Co.,Ltd.	Asset-backing
YK Monaco Co.,Ltd.	Asset-backing
YK JP the 7th Co.,Ltd.	Asset-backing
Y.K.Blue the third Co.,Ltd.	Asset-backing
ELF 7th Co.,Ltd.	Asset-backing
YK KGE Co.,Ltd.	Asset-backing
DG.southone 1st Co.,Ltd.	Asset-backing
YFI Yeosu Co.,Ltd.	Asset-backing
UT sixth Co.,Ltd.	Asset-backing
YK Gunsun 1st Co.,Ltd.	Asset-backing
Y.K.Blue the 4th.Co.,Ltd.	Asset-backing

December 31, 2018

Name of structured entity	Main Business Activities
First M 2nd.Co.,Ltd.	Asset-backing
First M 3rd.Co.,Ltd.	Asset-backing
DK project second Co.,Ltd.	Asset-backing
YK SMGC Co.,Ltd.	Asset-backing
YK Hotel the 1st Co.,Ltd.	Asset-backing
Y.K.Stone the First Co.,Ltd.	Asset-backing
YK Grand.Co.,Ltd.	Asset-backing
YK EMC Co.,Ltd.	Asset-backing
YK HD Co.,Ltd.	Asset-backing

Although the Group does not hold most shares of these SPCs, they are included in the consolidation scope collectively considering: control over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to affect those returns through its power to direct the activities of the investee.

D. Subsidiaries not included in the consolidated financial statements are as follows:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		Description
			December 31, 2019	December 31, 2018	
Yuanta Hong Kong Holdings	GC Investment Consultant (Shanghai) Co., Ltd.	Investment consulting	100.00%	100.00%	Note
Yuanta Securities Asia Financial Services	Yuanta Securities (UK) Co., Ltd.	Institutional broker/dealer	100.00%	100.00%	Note
Yuanta Securities Asia Financial Services	Yuanta Securities Holding (B.V.I.) Ltd.	Holding Company	100.00%	100.00%	Note

Note: GC Investment Consultant (Shanghai) Co., Ltd. and Yuanta Securities (UK) had resolved to be liquidated. In June 2019, the Board of Directors approved the dissolution and liquidation of Yuanta Securities Holding (B.V.I.) Ltd. The effective date for liquidation was December 27, 2019. The liquidation was completed on February 14, 2020. The Company had no actual control over the investees. Therefore, all of these companies were no longer included in consolidated financial statements.

E. Subsidiaries that have non-controlling interests that are material to the Group:

As of December 31, 2019 and 2018, the non-controlling interests amounted to \$14,222,436 and \$14,353,024, respectively. The information of non-controlling interests and respective subsidiaries is as follows:

Name of subsidiary	place of business	Non-controlling interests			
		December 31, 2019		December 31, 2018	
		Amount	Ownership(%)	Amount	Ownership(%)
Yuanta Securities (Korea)	Korea	\$ 14,215,077	44.64%	\$ 14,344,843	45.38%

Total comprehensive income for the above-mentioned non-controlling interests for the years ended December 31, 2019 and 2018, amounted to \$155,441 and \$861,759, respectively.

Summarized financial information of the subsidiaries:

Consolidated balance sheets

	<u>Yuanta Securities (Korea) and its subsidiaries</u>	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Current assets	\$ 303,666,064	\$ 309,194,230
Non-current assets	17,744,841	16,545,798
Current liabilities	(281,118,694)	(287,746,946)
Non-current liabilities	(7,370,051)	(5,280,777)
Net assets	<u>\$ 32,922,160</u>	<u>\$ 32,712,305</u>

Consolidated statements of comprehensive income

	<u>Yuanta Securities (Korea) and its subsidiaries</u>	
	<u>For the year ended December 31, 2019</u>	<u>For the year ended December 31, 2018</u>
Revenues	\$ 14,059,217	\$ 15,647,208
Income before income tax	2,200,216	3,128,799
Income tax expense	(41,918)	(259,376)
Net income for the period	2,158,298	2,869,423
Other comprehensive income (loss), net of tax	(1,817,406)	(735,008)
Total comprehensive income for the period	<u>\$ 340,892</u>	<u>\$ 2,134,415</u>

Consolidated statements of cash flows

	<u>Yuanta Securities (Korea) and its subsidiaries</u>	
	<u>For the year ended December 31, 2019</u>	<u>For the year ended December 31, 2018</u>
Net cash provided by operating activities	\$ 14,661,381	\$ 730,035
Net cash provided by investing activities	87,559	2,340,518
Net cash used in financing activities	(11,373,642)	(5,503,591)
Effect of exchange rates on cash and cash equivalents	(382,452)	458,591
Increase (decrease) in cash and cash equivalents	<u>2,992,846</u>	<u>(1,974,447)</u>
Cash and cash equivalents, beginning of period	<u>16,791,937</u>	<u>18,766,384</u>
Cash and cash equivalents, end of period	<u>\$ 19,784,783</u>	<u>\$ 16,791,937</u>

(4) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
- (A) Assets arising from operating activities that are expected to be realized, 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 realized 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 balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Translation of financial statements of foreign subsidiaries

Assets and liabilities of the foreign subsidiaries are translated into New Taiwan dollars using the closing exchange rate at the balance sheet date; equity accounts are translated at historical rates, except for beginning retained earnings which is transferred from prior year's ending retained earnings; dividends are translated at the exchange rate on the date dividends are declared, and profit and loss accounts are translated using the weighted-average rate. Exchange differences are recorded as other comprehensive income, and accumulated in equity under the heading of "Translation differences for foreign operations", and appropriately allocated to non-controlling interests.

(6) 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.

(7) Foreign currency transactions

- A. Financial statements of the entities in the Group are presented by the currency of the primary economic environment in which the entities operate (that is 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. Transactions arising in foreign currencies are translated into functional currency at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- B. Receivables, other monetary assets and liabilities denominated in foreign currencies are translated at the spot exchange rates prevailing at the balance sheet date. Exchange gains or losses are recognized 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 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 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.

(8) Cash equivalents

Cash equivalents refer to short-term, highly liquid time deposits or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(9) Financial assets and liabilities

All financial assets and liabilities of the Group including derivatives are recognised in the consolidated balance sheet and are properly classified in accordance with IFRSs as endorsed by the FSC.

A. Financial assets

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. All financial assets held by the Group are classified into the following categories:

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

- a. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income. Financial assets at amortised cost or fair value through other comprehensive income are designated as at fair value through profit or loss at initial recognition when they eliminate or significantly reduce a measurement or recognition inconsistency.
- b. At initial recognition, the Group measures the financial assets at fair value and subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.
- c. The Group recognizes 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.

(B) 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 recognize changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:
 - (a) The objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- b. 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.
 - (a) The changes in fair value of equity investments that were recognized 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 recognized 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.
 - (b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognized in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

(C) Financial assets measured 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. 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 recognized in profit or loss when the asset is derecognized or impaired. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

B. Financial liabilities

The financial liabilities held by the Group comprise of financial liabilities at fair value through profit or loss (including financial liabilities designated as at fair value through profit or loss on initial recognition) and financial liabilities measured at amortized cost.

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

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. They eliminate or significantly reduce a measurement or recognition inconsistency; or
- b. They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management policy.

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 in profit or loss.

If the credit risk results in fair value changes in financial liabilities designated as at fair value through profit or loss, they are recognised in other comprehensive income in the circumstances other than avoiding accounting mismatch or recognising in profit or loss for loan commitments or financial guarantee contracts.

(B) Financial liabilities measured at amortised cost

Financial liabilities measured at amortised cost include liabilities not classified as financial liabilities at fair value through profit or loss.

C. Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets measured at amortised cost, at each reporting date, the Group recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes 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. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognizes the impairment provision for lifetime ECLs.

D. Derecognition of financial assets

The Group derecognizes a financial asset when one of the following conditions is met:

- (A) The contractual rights to receive the cash flows from the financial asset expire.
- (B) The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.
- (C) The contractual rights to receive cash flows of the financial asset have been transferred; however, the Group has not retained control of the financial asset.

E. Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the contract is either discharged or cancelled or expires.

F. Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when (1) there is a legally enforceable right to offset the recognized amounts and (2) there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(10) Bond transactions under repurchase or resale agreements

Bond transactions under repurchase or resale agreements are stated at the amount of actual payment or receipt. When transactions of bonds with a condition of resale agreements occur, the actual payment or receipt shall be recognized in 'investment in bonds under reverse repurchase agreements' under current assets. When

transactions of bonds with a condition of repurchase agreements occur, the actual payment or receipt shall be recognized in 'liabilities for with repurchase agreements' under current liabilities. Any difference between the actual payment/receipt and predetermined redemption (repurchase) price is recognized in interest income or finance costs.

(11) Futures transaction

A. The security deposits made by the dealer department when undertaking futures transaction are recognized as "financial assets at fair value through profit or loss-current-futures margins-own funds". The futures transaction security deposits-own funds are adjusted based on the difference between the futures index at the closing-out date and the futures index at the entity's balance sheet date; options premium paid by the dealer department upon purchase of options for trading is recognized as "financial assets at fair value through profit or loss-current-call options-futures"; options premium received by the dealing department upon sale of options is recognized as "financial liabilities at fair value through profit or loss-current-put options-futures". Realized futures transaction income (loss) is recognized at the closing-out date. The unclosing-out position is evaluated at end of period, and the unrealized futures transaction income (loss) is recognized as "Net gain (loss) from derivative instruments - futures".

B. Customer margin accounts

Customer margin accounts refers to margins and premiums collected from the future traders and differences from daily market closing prices, which are all included in the Customer margin accounts.

C. Futures traders' equity

Futures traders' equity is the margin and premium customers pay for futures trading. The differences of daily market closing prices are accounted for as current liabilities. Accounts cannot be offset except for the same type of accounts of the same customer; if borrowers balance arises from futures traders' equity, the balance shall be recognized as Futures margins receivable, which shall be recovered from the traders.

(12) Investments accounted for using the equity method (associates)

- A. Associates are all entities over which the Group has significant influence but no control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 to 50 percent of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.
- B. The Group recognizes its associates' post-acquisition profits or losses calculated based on the Group's ownership percentage of the associate in the statement of comprehensive income. Change in capital surplus of the associate is recognized in capital surplus with carrying amount of gross investment adjusted. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.
- C. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- D. When overseas investment is valued under equity method, translation differences on the financial statements of the investee shall be recognized in other comprehensive income and accumulated in 'exchange differences on translation of foreign subsidiaries' under equity (and appropriately allocated to non-controlling interest).
- E. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(13) Investment accounted for under the equity method (joint ventures)

The Group accounts for its interest in a joint venture using equity method. Unrealized profits and losses arising from the transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in the joint venture. However, when the transaction provides evidence of a reduction in the net realizable value of current assets or an impairment loss, all such losses shall be recognized immediately. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture together with any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

(14) Property and equipment

- A. Property and equipment are stated at cost less accumulated depreciation and impairment. Depreciation is provided using the straight-line method based on the estimated economic useful lives of the assets, except for leasehold improvements which are amortized based on useful lives or the terms of the contract. Each part of property and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. The estimated useful lives of major fixed assets range from 3 to 20 years, except for buildings which are 10 to 60 years.
- B. Major renewals and improvements are capitalized and depreciated accordingly. Maintenance and repairs are expensed as incurred.
- C. When an asset is sold or retired, the cost and accumulated depreciation are removed from the respective accounts and the resulting gain or loss is included in current operations.

(15) Leasing arrangements (lessor) - operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

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

Effective 2019

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of lowvalue 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 rate or the interest rate implicit in the lease. Lease payments are comprised of the following:
 - (A) Fixed payments, less any lease incentives receivable;
 - (B) Variable lease payments that depend on an index or a rate;
 - (C) Amounts expected to be payable by the lessee under residual value guarantees;
 - (D) The exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
 - (E) 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;
- (C) Any initial direct costs incurred by the lessee; and
- (D) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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.

(17) Leased assets / operating leases (lessee)

Effective 2018

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

(18) Investment properties

Investment properties of the Group include idle real estate for rental or business use, and mainly held to obtain rental income or for capital appreciation purposes. Investment properties are stated initially at its cost including related transaction costs, and borrowing costs incurred during the construction period are capitalized. Investment properties are measured subsequently using the cost model based on the amount of cost less accumulated depreciation and impairment. The building is depreciated on a straight-line basis over its estimated economic useful life of 10~60 years, with the depreciation recognized in the statement of comprehensive income within "other gains and losses".

(19) Intangible assets

- A. Operating rights are recorded at acquired cost. For those which pertain to intangible assets with a definite useful life, they are amortized over an estimated useful life of 10 years based on the straight-line method.
- B. Computer software are recorded at acquired cost and amortized over an estimated useful life of 3~5 years based on the straight-line method. Customer relationships and trademark rights are amortized over an estimated useful life of 5~8 years and 3 years, respectively. Other intangible assets are amortized over its estimated useful life of 3 to 5 years.
- C. In accordance with IFRS 3 'Business combinations' as endorsed by FSC, goodwill arises when the acquisition cost exceeds the fair value of identifiable assets and liabilities of the consolidated subsidiary on the consolidation date. The goodwill arising from the consolidated subsidiary is included in the intangible asset. Goodwill is tested annually for impairment and any impairment loss will be recognized when impairment occurs. Impairment losses on goodwill are not reversed.

(20) Impairment of non-financial assets

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 recognized 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. Except for goodwill, 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 amortized historical cost would have been if the impairment had not been recognized. The recoverable amounts of goodwill, intangible assets with an indefinite useful life and intangible assets that have not yet been available for use shall be evaluated

periodically. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognized in profit or loss shall not be reversed in the following years.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination.

(21) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(22) Bonds payable

Ordinary corporate bonds issued by the Group are initially recognized at fair value, net of transaction costs incurred. Any difference between the proceeds (net of transaction costs) and the redemption value is accounted for as the premium or discount on bonds payable and presented as an addition to or deduction from bonds payable, which is amortised as an adjustment to the 'finance costs' over the period of bond circulation using the effective interest method.

(23) Short-term employee benefits

All future employee benefit expenditures expected by the Group within 12 months after the current reporting year-end, are recognized as short-term employee benefits and expensed in the current period using a non-discounted method.

(24) Pensions

A. Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expense when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

B. Defined benefit plans

(A) 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 recognized 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 rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

(B) Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

(C) Past service costs are recognized immediately in profit or loss.

(25) 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 recognizes expense as it can no longer withdraw an offer of termination benefits or it recognizes 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.

(26) Employees', directors' and supervisors' remuneration

Employees', directors' and supervisors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. However, if the accrued amounts for employees' bonus and directors' and supervisors' remuneration are different from the actual distributed amounts as resolved by the shareholders at their shareholders' meeting subsequently, the differences should be recognized based on the accounting for changes in estimates.

(27) Revenue recognition

Revenue is recognised when the amount of the revenue can be reliably estimated. The recognition criteria are as follows:

- A. Gains (losses) on sale of securities, securities brokerage fees, and commissions on brokerage and trading are recognized on the transaction date.
- B. Interest revenue or interest expense on margin loans and short sales of securities and investment in bonds under reverse repurchase agreements, Liabilities for bonds with repurchase agreements are recognized respectively over the loan period, short selling period and trading period on an accrual basis.
- C. Consultation and financial consulting revenue, underwriting fees and related service charges, are recognized on an accrual basis of the related contract's criteria.
- D. Stock custodian income is recognized monthly based on the terms of the contract.
- E. Commission income-futures is recognised on accrued basis in accordance with articles of related agreements. The Group is engaged in futures introducing broker and receives commission from futures commission merchant.
- F. Investment gain or loss on shares of financial assets measured at fair value that had been sold is recognized at the date of transaction.
- G. Gain (losses) on futures contracts: The margin of futures trading is recognized at cost and measured through mark-to-market accounting. The gain (loss) on futures contracts arising from the daily mark-to-market, reversed futures trading, or settled contracts is recognized in profit or loss in the current period.
- H. Options transaction income (loss): The premium of options transaction is recognized at cost. The options are evaluated monthly based on the market value. Options transaction income (loss) arising from settlement is recognized in current period's profit or loss.
- I. Dividend is recognized as revenue when the shareholder has the right of receiving it.
- J. Interest revenue is discounted based on cash received that is estimated in the future based on effective interest rate of financial instrument's estimated life on accrual basis.

(28) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized 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 Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities.

- C. Deferred income tax is recognized using the balance sheet liability method. Temporary differences are the differences between the tax bases of assets and liabilities in the Group's financial statements and their carrying amounts. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a business combination or affects neither the accounting nor the taxable profit or loss at the time of the transaction. Deferred 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 realized or the deferred income tax liability is settled. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.
- D. Taxable temporary difference related to the investees, branches, affiliated entities and joint ventures are recognized as deferred income tax, unless the parent company, investors or ventures is capable of controlling the time length required to reverse the temporary difference or the temporary difference is unlikely to reverse in the foreseeable future.
- 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 recognized amounts and there is an intention to settle on a net basis or realize 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 realize the asset and settle the liability simultaneously.
- F. An additional tax that is levied on the Company's unappropriated retained earnings would be recorded as income tax expense when the Board of Directors (acting on behalf of shareholders) resolves the date of appropriation.
- G. In accordance with Article 49 of the Financial Holding Company Act and Income Tax Act, the Company selected the parent company, Yuanta Financial Holdings, as the taxpayer to file the consolidated tax returns for profit-seeking enterprise income tax and additional tax payment levied on unappropriated earnings. When filing the consolidated tax return, the Company shall first compute its income tax on an individual filing basis pursuant to the IAS No. 12, "Income Taxes". However, for the appropriation received for the consolidated tax returns, current deferred income tax assets (liabilities) or current income tax liabilities (current income tax assets) shall be adjusted on a reasonable, systematic, and consistent basis.

(29) Business combinations

- A. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership interest's proportionate share in the recognized amounts of the acquirer's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.
- B. The excess of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interests in the acquiree recognized and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognized directly in profit or loss on the acquisition date.

(30) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker. The Group's Chief Operating Decision-Maker is responsible for allocating resources and assessing performance of the operating segments.

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

The preparation of these 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. Estimations and judgments of significant adjustment risk in the next financial year are addressed below:

(1) Impairment of goodwill

The Group assesses annually whether goodwill had been impaired or not. The recoverable amounts of cashgenerating units are calculated based on the value in use. The calculation included estimating expected cash flows of cash-generating units and determining the appropriate discount rate. Please refer to Note 6 (17).

(2) Fair value of unlisted stocks

Fair values of unlisted stocks without an active market or quoted prices are determined using valuation methods. Under such a situation, fair value is the observable data or methods of similar financial instruments. If there are no observable market parameters, the fair value of financial instruments are estimated from appropriate assumptions. When utilizing valuation models to determine fair value, all models need to be calibrated in order to ensure generated results reflect actual data and market prices. Models should only elect observable data as much as possible.

(3) Realisability of deferred income tax assets

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. Assessment of the realisability of deferred income tax assets involves critical accounting judgements and estimates of the management, including the assumptions of expected future operating income growth rate, available tax credits, tax planning, etc. Any variations in global economic environment, industry environment, and laws and regulations might cause material adjustments to deferred income tax assets.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Cash		
Petty cash	\$ 5,294	\$ 6,364
Bank deposits		
Checking deposits	244,618	438,092
Demand deposits	28,873,023	25,800,031
Time deposits	<u>17,176,716</u>	<u>15,788,860</u>
Subtotal	46,299,651	42,033,347
Cash equivalents - Futures excess margin	3,804,873	3,851,953
Cash equivalents - Excess settlement reserve fund	2,575	11,554
Cash equivalents - Commercial paper(with a maturity period within three months)	<u>3,109,643</u>	<u>1,725,834</u>
Total	<u>\$ 53,216,742</u>	<u>\$ 47,622,688</u>

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

A. Current items:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Financial assets mandatorily measured at fair value through profit or loss:		
<u>Beneficiary certificates and other securities</u>		
Beneficiary certificates	\$ 43,852	\$ 56,027
Securities invested by securities broker	1,654	5,886
Valuation adjustment	(678)	(4,967)
Subtotal	<u>44,828</u>	<u>56,946</u>
<u>Trading securities - proprietary trading</u>		
Government bonds	17,308,441	23,426,663
Corporate bonds	28,620,288	30,065,354
Financial bonds	88,727,300	81,503,288
Structured bonds	338,824	351,428
Listed stocks	15,005,667	7,150,232
Unlisted stocks	265,417	1,380,994
Convertible corporate bonds	3,856,526	4,186,741
Emerging stocks	778,963	1,098,431
Beneficiary certificates	9,797,677	7,726,765
Commercial paper	1,959,369	1,027,125
Negotiable certificates of deposit	1,286,353	-
Others	146,801	170,351
Valuation adjustment	<u>137,924</u>	(439,726)
Subtotal	<u>168,229,550</u>	<u>157,647,646</u>

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
<u>Trading securities - underwriting</u>		
Listed stocks	\$ -	\$ 158,195
Unlisted stocks	2,792	419,792
Convertible corporate bonds	91,520	274,886
Valuation adjustment	<u>2,609</u>	<u>10,691</u>
Subtotal	<u>96,921</u>	<u>863,564</u>
<u>Trading securities - hedging</u>		
Listed stocks	8,071,359	6,811,771
Convertible corporate bonds	37,822,029	36,925,149
Beneficiary certificates	28,989,874	33,615,886
Call (put) warrants	67,389	161,885
Others	65,477	7,064
Valuation adjustment	(1,056,854)	(4,097,246)
Subtotal	<u>73,959,274</u>	<u>73,424,509</u>
<u>Derivative instruments</u>		
Call options - futures	93,102	110,418
Futures margins - own fund	3,771,298	8,139,529
Futures margins - securities	1,262,765	352,275
Derivative financial instruments - OTC	<u>4,389,586</u>	<u>7,506,329</u>
Subtotal	<u>9,516,751</u>	<u>16,108,551</u>
<u>Others</u>		
Structured products	9,379,235	8,883,242
Reserve for deposits - KSFC (Note)	61,372,357	67,861,557
Others	<u>186,640</u>	<u>149,985</u>
Total	<u>\$ 322,785,556</u>	<u>\$ 324,996,000</u>

Note: KSFC is an acronym for Korea Securities Finance Corporation.

B. Non-current items:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Financial assets mandatorily measured at fair value through profit or loss:		
Emerging stocks	\$ 189,064	\$ 73,561
Government bonds	96,763	91,990
Unlisted stocks	427,181	423,453
Beneficiary certificates	120,938	94,111
Securities invested by securities broker	104,127	77,527
Others	<u>664,607</u>	<u>630,966</u>
Subtotal	1,602,680	1,391,608
Valuation adjustment	<u>31,442</u>	(55,451)
Total	<u>\$ 1,634,122</u>	<u>\$ 1,336,157</u>

C. Net gain (loss) on financial assets and liabilities at fair value through profit or loss were as follows:

(A) Mandatorily measured at fair value through profit or loss:

	For the years ended December 31,	
	2019	2018
Open-ended mutual funds	\$ 19,788	(\$ 5,100)
Futures margins - securities	(28,648)	(59,270)
Trading securities - proprietary trading (Note 3)	8,808,352	4,093,754
Trading securities - underwriting	125,141	(43,655)
Trading securities - hedging (Note 3)	5,700,535	(3,752,209)
Securities invested by securities broker (Notes 1 and 2)	5,045	(340)
Borrowed securities and bonds with reverse repurchase agreements - short sale	(2,991,741)	972,701
Issuance of ETNs	(5,317)	-
Total	<u>\$ 11,633,155</u>	<u>\$ 1,205,881</u>

Note 1: Recorded under 'other gains and losses'.

Note 2: Including dividend income.

Note 3: Including dividend and interest income.

(B) For the years ended December 31, 2019 and 2018, net (loss) gain on financial liabilities designated as at fair value through profit or loss was (\$7,969,212) and \$438,843, respectively. Please refer to Note 6(40)H for information on net (loss) gain from derivative instruments.

D. Please refer to Note 8 for the Group's financial assets at fair value through profit or loss pledged as collateral.

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

A. Current items:

	December 31, 2019	December 31, 2018
<u>Debt instruments</u>		
Corporate bonds	\$ 45,063,085	\$ 45,658,177
Government bonds	6,668,131	11,322,403
Financial bonds	21,798,615	12,997,551
Valuation adjustment	(158,142)	(1,287,004)
Subtotal	<u>73,371,689</u>	<u>68,691,127</u>
<u>Equity instruments</u>		
Trading securities - proprietary trading		
Listed stocks	1,771,390	776,698
Emerging stocks	-	1,998
Valuation adjustment	13,975	6,640
Subtotal	<u>1,785,365</u>	<u>785,336</u>
Total	<u>\$ 75,157,054</u>	<u>\$ 69,476,463</u>

B. Non-current items:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
<u>Debt instruments</u>		
Government bonds	\$ 266,573	\$ 49,996
Corporate bonds	111,295	148,319
Commercial paper	137,102	134,014
Valuation adjustment	(19,011)	(23,377)
Subtotal	<u>495,959</u>	<u>308,952</u>
<u>Equity instruments</u>		
Listed stocks	88,002	93,067
Unlisted stocks/Emerging stocks	3,625,643	3,765,856
Others	49,755	52,525
Valuation adjustment	<u>10,251,150</u>	<u>9,444,290</u>
Subtotal	<u>14,014,550</u>	<u>13,355,738</u>
Total	<u>\$ 14,510,509</u>	<u>\$ 13,664,690</u>

- C. Certain equity instruments held by the Group are strategic investments and held for the purpose of receiving stable payments of dividends. Therefore, these equity instruments are classified as measured at fair value through other comprehensive income. As of December 31 2019 and 2018, the amount of equity instruments measured at fair value through other comprehensive income were \$15,799,915 and \$14,141,074, respectively.
- D. In response to market interference and rising uncertainties, the Group reduced its stock holdings in order to avoid systematic risk. For the years ended December 31, 2019 and 2018, the listed stocks sold had a fair value of \$3,339,600 and \$896,058 at the time of the sale and the Group recognized a gain on disposal of \$174,313 and \$99,177 for the years ended December 31, 2019 and 2018, respectively.
- E. Amounts recognized in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	For the years ended December 31,	
	2019	2018
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognized in other comprehensive income	\$ 1,156,992	\$ 1,940,746
Cumulative gains reclassified to retained earnings due to derecognition	\$ 172,914	\$ 78,326
Dividend income recognized in profit or loss		
Held at end of period	\$ 462,644	\$ 514,963
Derecognized during the period	\$ 227,327	\$ 12,199
	<u>\$ 689,971</u>	<u>\$ 527,162</u>
<u>Debt instruments at fair value through other comprehensive income</u>		
Fair value change recognized in other comprehensive income	\$ 1,375,500	(\$ 582,067)
Cumulative other comprehensive income reclassified to profit or loss		
Reclassified due to impairment recognition	(\$ 4,036)	\$ 15,540
Reclassified due to derecognition	190,528	(16,203)
	<u>\$ 186,492</u>	<u>(\$ 663)</u>
Interest income recognized in profit or loss	<u>\$ 1,637,190</u>	<u>\$ 1,536,061</u>

F. Please refer to Note 8 for the Group's financial assets at fair value through other comprehensive income pledged as collateral.

G. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

(4) Financial assets measured at amortised cost

	December 31, 2019	December 31, 2018
Current items:		
Government bonds	\$ 5,969,696	\$ 5,576,677
Accumulated impairment	(3,432)	(3,282)
Total	<u>\$ 5,966,264</u>	<u>\$ 5,573,395</u>
Non-current items:		
Government bonds	<u>\$ 55,103</u>	<u>\$ 106,357</u>

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

	For the years ended December 31,	
	2019	2018
Interest income	\$ 99,593	\$ 58,467
Reversal of impairment loss (impairment loss)	58	(143)
Gain on disposal	-	2,680
	<u>\$ 99,651</u>	<u>\$ 61,004</u>

B. The Group recognised gain of \$2,680 due to derecognition of investments in debt instruments at amortised cost. The amounts resulted from such disposal were both immaterial, individually or in aggregate.

C. Please refer to Note 8 for the Group's financial assets measured at amortised cost pledged as collateral.

D. Information relating to credit risk of financial assets measured at amortised cost is provided in Note 12(2).

(5) Investment in bonds under reverse repurchase agreements

	December 31, 2019	December 31, 2018
Government bonds	\$ 11,854,553	\$ 16,058,842
Corporate bonds	5,583,610	478,353
Financial bonds	15,148,218	13,979,983
Total	<u>\$ 32,586,381</u>	<u>\$ 30,517,178</u>

As of December 31, 2019 and 2018, investment in bonds under reverse repurchase agreements were due within one year. Under the agreements, bonds will be resold at agreed-upon prices plus interest on the specific dates after transactions. The total contracted sale prices are \$32,647,161 and \$30,561,393 with annual interest rates of 1.35%~2.75% and 1.85%~3.25%, respectively. As of December 31, 2019 and 2018, the collateral received for investments in bonds under reverse repurchase agreement are government bonds, corporate bonds and financial bonds, of which the fair values were \$36,456,582 and \$33,433,017, respectively.

(6) Receivable of securities business money lending

Receivable of securities business money lending uses the securities purchased or hold by customers as collateral against lending for settlement needs. As of December 31, 2019 and 2018, the annual interest rates of the Company were all 6.25%~7.50%. As of December 31, 2019 and 2018, the annual interest rates of Yuanta Securities Finance were all 6.25%. As of December 31, 2019 and 2018, the annual interest rates of Yuanta Securities (Vietnam) were all 10.95%.

(7) Accounts receivable

	December 31, 2019	December 31, 2018
Accounts receivable - related parties	<u>\$ 125,278</u>	<u>\$ 68,663</u>
Accounts receivable - non-related parties		
Accounts receivable - customers' purchases	\$ 818,338	\$ 770,218
Accounts receivable - settlement	26,903,265	15,521,410
Net exchange clearing receivable	5,590,498	7,264,563
Financing interest receivable	763,179	841,221
Securities sold receivable	4,148,416	5,408,108
Bond interest receivable	802,379	820,237
Spot exchange receivable	1,350,374	2,571,848
Refund receivable for the return of securities borrowed	-	451,610
Others	<u>1,163,173</u>	<u>1,224,812</u>
Subtotal	41,539,622	34,874,027
Less: Allowance for credit losses	(398,009)	(249,814)
Total	<u>\$ 41,141,613</u>	<u>\$ 34,624,213</u>

As of December 31, 2019 and 2018, the aging analysis of accounts receivable were as follows:

	December 31, 2019			
	Up to 90 days	91 days to 1 year	Over 1 year	Total
Accounts receivable	\$ 39,972,242	\$ 1,074,053	\$ 493,327	\$ 41,539,622
Accounts receivable - related parties	125,278	-	-	125,278

	December 31, 2018			
	Up to 90 days	91 days to 1 year	Over 1 year	Total
Accounts receivable	\$ 33,309,837	\$ 1,068,806	\$ 495,384	\$ 34,874,027
Accounts receivable - related parties	68,663	-	-	68,663

(8) Other receivables

	December 31, 2019	December 31, 2018
Other receivables - related parties	\$ 23,383	\$ 13,046
Other receivables - non-related parties		
Dividend receivable	\$ 37,004	\$ 37,734
Interest receivable	778,905	704,811
Commission receivable	179,691	162,478
Others	449,261	381,802
Subtotal	1,444,861	1,286,825
Less: Allowance for credit losses	(89,191)	(47,869)
	<u>\$ 1,355,670</u>	<u>\$ 1,238,956</u>

(9) Other financial assets

	December 31, 2019	December 31, 2018
Loans	\$ 20,944,188	\$ 19,158,223
Less: Allowance for credit losses	(1,493,415)	(1,643,893)
Total	<u>\$ 19,450,773</u>	<u>\$ 17,514,330</u>

(10) Customer margin accounts and futures traders' equity

	December 31, 2019	December 31, 2018
Bank deposits	\$ 2,784,495	\$ 1,609,362
Clearing balances with futures clearing houses	321,723	228,337
Clearing balances with other futures commission merchants	583,646	746,220
Total	<u>\$ 3,689,864</u>	<u>\$ 2,583,919</u>

As of December 31, 2019 and 2018, the differences between the customer margin accounts and futures traders' equity are shown below:

	December 31, 2019	December 31, 2018
Customer margin accounts	\$ 1,367,124	\$ 1,533,795
Others	(29,104)	27,237
Deposit from customer with misapprehension	-	294
Futures traders' equity	<u>\$ 1,338,020</u>	<u>\$ 1,561,326</u>

As of December 31, 2019 and 2018, the balance of future traders' equity of Yuanta Securities (Korea) were \$5,293,428 and \$4,292,498, respectively.

(11) Receivables from margin loans

Receivables from margin loans were secured by the securities purchased by customers under margin loans. As of December 31, 2019 and 2018, the annual interest rates of the Company and Yuanta Securities Finance were all 6.25%. As of December 31, 2019 and 2018, the annual interest rates of Yuanta Securities (Korea) were 5.95%~9.75% and 6.65%~9.55%, respectively. As of December 31, 2019 and 2018, the annual interest rates of Yuanta Securities (Hong Kong) were 2.25%~12.88% and 2.38%~12.88%, respectively. As of December 31, 2019 and 2018, the annual interest rates of Yuanta Securities (Indonesia) were all 18%. As of December 31, 2019 and 2018, the annual interest rates of Yuanta Securities (Thailand) were all 5.15%~9.25%. As of December 31, 2019 and 2018, the annual interest rates of Yuanta Securities (Vietnam) were 9.00%~14.00% and 9.86%~14.00%, respectively.

(12) Other current asset

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Pledged time deposit - current	\$ 2,269,764	\$ 2,289,347
Other restricted assets - current	1,113,924	1,219,208
Amounts held for settlement	16,495,682	11,765,610
Underwriting share proceeds collected on behalf of customers	271,128	58,649
Others	<u>669,379</u>	<u>561,945</u>
Total	<u>\$ 20,819,877</u>	<u>\$ 15,894,759</u>

Please refer to Note 8 for other current assets pledged as collateral.

(13) Investments accounted for under the equity method

	December 31, 2019		December 31, 2018	
	Amount	Percentage of ownership	Amount	Percentage of ownership
Associates:				
GC Investment Consultant (Shanghai) Co., Ltd.	\$ 21,914	100.00%	\$ 22,242	100.00%
Yuanta Securities (UK)	61,221	100.00%	62,496	100.00%
Woori Asset Management Corp.	742,961	27.00%	716,023	27.00%
Polaris Ocean Private Equity Fund	38,347	3.26%	40,959	3.26%
KoFC-TongYang Pioneer Champ 2010-5 Venture Capital Fund	14,322	16.22%	20,222	16.22%
KoFC-KVIC Green Growth Venture Capital Fund	-	18.00%	12,218	18.00%
2011 KIF-TONGYANG IT Venture Fund	35,689	17.20%	62,886	17.20%
TONGYANG AGRI-FOOD INVESTMENT FUND II	121,985	40.74%	131,228	40.74%
IBKC-TONGYANG Growth 2013 Private Equity Fund	211,345	10.71%	225,030	10.71%
KVIC-Yuanta 2015 Overseas Fund	354,213	44.00%	344,269	44.00%
TongYang China Paid in Capital Private Investment Trust 1	-	-	31,045	27.57%
2016 KIF-Yuanta ICT Fund	160,911	16.67%	83,093	16.67%
Yuanta Secondary No.2 Fund	192,295	12.28%	149,295	12.28%
Yuanta Secondary No.3 Private Equity Fund	74,312	15.26%	-	-
Yuanta SPAC III	1,656	0.83%	1,836	0.83%
SJ-ULTRA V 1st FUND	25,443	34.48%	26,914	34.48%
Yuanta SPAC IV	1,219	0.54%	687	4.55%
Yuanta-HPNT Private Equity Fund	5,201	0.09%	5,500	0.14%
Yuanta SPAC V	391	0.25%	-	-
Yuanta Securities Holding (B.V.I.) Ltd	9,879	100.00%	-	-
Yuanta SPAC VI	391	0.22%	-	-
Total	<u>\$ 2,073,695</u>		<u>\$ 1,935,943</u>	

The operating results of the Group's share of joint ventures and associates (individually immaterial) are as follows:

	For the years ended December 31,	
	2019	2018
Profit for the period	\$ 224,117	\$ 82,435
Other comprehensive income (loss), net of tax	7,592	(1,514)
Total comprehensive income for the period	<u>\$ 231,709</u>	<u>\$ 80,921</u>

(14) Property and equipment

	Land	Buildings	Equipment	Leasehold improvements	Leasehold assets	Total
<u>At January 1, 2019</u>						
Cost	\$ 3,631,621	\$ 3,113,321	\$ 3,681,654	\$ 208,958	\$ 9,230	\$ 10,644,784
Accumulated depreciation	- (	1,175,430)	(2,622,685)	(155,576)	(3,180)	(3,956,871)
Accumulated impairment	(75,336)	(15,618)	-	-	-	(90,954)
Balance at January 1, 2019	<u>\$ 3,556,285</u>	<u>\$ 1,922,273</u>	<u>\$ 1,058,969</u>	<u>\$ 53,382</u>	<u>\$ 6,050</u>	<u>\$ 6,596,959</u>
<u>For the year ended</u>						
<u>December 31, 2019</u>						
Balance at January 1, 2019, before restatement	\$ 3,556,285	\$ 1,922,273	\$ 1,058,969	\$ 53,382	\$ 6,050	\$ 6,596,959
Effects of retrospective application	-	-	(7,995)	-	(6,050)	(14,045)
Balance at January 1, 2019, after restatement	3,556,285	1,922,273	1,050,974	53,382	-	6,582,914
Translation difference	(28,255)	(48,393)	3,777	101	-	(72,770)
Additions	-	-	211,786	20,384	-	232,170
Disposals	-	-	(13,024)	(329)	-	(13,353)
Depreciation expense	-	(88,447)	(395,824)	(35,613)	-	(519,884)
Transfers	76,348	(25,117)	-	-	-	51,231
Reclassifications (Note)	-	-	25,201	11,104	-	36,305
At December 31, 2019	<u>\$ 3,604,378</u>	<u>\$ 1,760,316</u>	<u>\$ 882,890</u>	<u>\$ 49,029</u>	<u>\$ -</u>	<u>\$ 6,296,613</u>
<u>At December 31, 2019</u>						
Cost	\$ 3,679,714	\$ 3,003,543	\$ 3,535,932	\$ 215,448	\$ -	\$ 10,434,637
Accumulated depreciation	-	(1,227,609)	(2,653,042)	(166,419)	-	(4,047,070)
Accumulated impairment	(75,336)	(15,618)	-	-	-	(90,954)
Balance at December 31, 2019	<u>\$ 3,604,378</u>	<u>\$ 1,760,316</u>	<u>\$ 882,890</u>	<u>\$ 49,029</u>	<u>\$ -</u>	<u>\$ 6,296,613</u>

Note: Transferred from (to) prepayment of equipment.

	Land	Buildings	Equipment	Leasehold improvements	Leasehold assets	Total
<u>At January 1, 2018</u>						
Cost	\$ 3,697,976	\$ 3,188,609	\$ 3,574,545	\$ 235,110	\$ 14,461	\$ 10,710,701
Accumulated depreciation	-	(1,106,918)	(2,546,541)	(171,423)	(12,815)	(3,837,697)
Accumulated impairment	(75,336)	(15,618)	-	-	-	(90,954)
Balance at January 1, 2018	<u>\$ 3,622,640</u>	<u>\$ 2,066,073</u>	<u>\$ 1,028,004</u>	<u>\$ 63,687</u>	<u>\$ 1,646</u>	<u>\$ 6,782,050</u>
<u>For the year ended</u>						
<u>December 31, 2018</u>						
At January 1, 2018	\$ 3,622,640	\$ 2,066,073	\$ 1,028,004	\$ 63,687	\$ 1,646	\$ 6,782,050
Translation difference	(7,795)	(14,288)	6,168	(247)	-	(16,162)
Additions	-	351	276,370	21,701	6,600	305,022
Disposals	-	-	(4,267)	(323)	-	(4,590)
Depreciation expense	-	(90,678)	(395,858)	(35,669)	(962)	(523,167)
Transfers	(58,560)	(39,185)	1,234	-	(1,234)	(97,745)
Reclassifications (Note 1)	-	-	149,169	4,233	-	153,402
Other (Note 2)	-	-	(1,851)	-	-	(1,851)
At December 31, 2018	<u>\$ 3,556,285</u>	<u>\$ 1,922,273</u>	<u>\$ 1,058,969</u>	<u>\$ 53,382</u>	<u>\$ 6,050</u>	<u>\$ 6,596,959</u>
<u>At December 31, 2018</u>						
Cost	\$ 3,631,621	\$ 3,113,321	\$ 3,681,654	\$ 208,958	\$ 9,230	\$ 10,644,784
Accumulated depreciation	-	(1,175,430)	(2,622,685)	(155,576)	(3,180)	(3,956,871)
Accumulated impairment	(75,336)	(15,618)	-	-	-	(90,954)
Balance at December 31, 2018	<u>\$ 3,556,285</u>	<u>\$ 1,922,273</u>	<u>\$ 1,058,969</u>	<u>\$ 53,382</u>	<u>\$ 6,050</u>	<u>\$ 6,596,959</u>

Note 1: Transferred from (to) prepayment of equipment.

Note 2: Yuanta Securities (UK) Co., Ltd had resolved to be liquidated. The Company had no actual control over the investees. Therefore, the company was no longer included in consolidated financial statements.

- A. The Group set land and buildings which were classified as operating lease, and the assets belonging and not belonging to operating lease are as follows:

	Land			Buildings		
	Owner-occupied	Lease	Subtotal	Owner-occupied	Lease	Subtotal
<u>At January 1, 2019</u>						
Cost	\$ 3,438,967	\$ 192,654	\$ 3,631,621	\$ 3,085,440	\$ 27,881	\$ 3,113,321
Accumulated depreciation	-	-	-	(1,173,328)	(2,102)	(1,175,430)
Accumulated impairment	(75,336)	-	(75,336)	(15,618)	-	(15,618)
Balance at January 1, 2019	<u>\$ 3,363,631</u>	<u>\$ 192,654</u>	<u>\$ 3,556,285</u>	<u>\$ 1,896,494</u>	<u>\$ 25,779</u>	<u>\$ 1,922,273</u>
<u>For the year ended</u>						
<u>December 31, 2019</u>						
At January 1, 2019	\$ 3,363,631	\$ 192,654	\$ 3,556,285	\$ 1,896,494	\$ 25,779	\$ 1,922,273
Translation difference	(28,255)	-	(28,255)	(48,393)	-	(48,393)
Depreciation expense	-	-	-	(87,119)	(1,328)	(88,447)
Transfers	76,348	-	76,348	(25,117)	-	(25,117)
At December 31, 2019	<u>\$ 3,411,724</u>	<u>\$ 192,654</u>	<u>\$ 3,604,378</u>	<u>\$ 1,735,865</u>	<u>\$ 24,451</u>	<u>\$ 1,760,316</u>
<u>At December 31, 2019</u>						
Cost	\$ 3,487,060	\$ 192,654	\$ 3,679,714	\$ 2,975,662	\$ 27,881	\$ 3,003,543
Accumulated depreciation	-	-	-	(1,224,179)	(3,430)	(1,227,609)
Accumulated impairment	(75,336)	-	(75,336)	(15,618)	-	(15,618)
Balance at December 31, 2019	<u>\$ 3,411,724</u>	<u>\$ 192,654</u>	<u>\$ 3,604,378</u>	<u>\$ 1,735,865</u>	<u>\$ 24,451</u>	<u>\$ 1,760,316</u>

- B. Information relating to property and equipment provided for operating lease is provided in Note 6(16).

- C. Please refer to Note 8 for property and equipment pledged as collateral.

(15) Leasing arrangements - lessee

Effective 2019

- A. The Group leases various assets including buildings, machinery and equipment, transportation equipment and other equipment. Rental contracts are typically made for periods of 1 to 15 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 expense are as follows:

	December 31, 2019
	Carrying amount
Buildings	\$ 2,509,253
Machinery and equipment	4,400
Transportation equipment	38,059
Other equipment	7,828
	<u>\$ 2,559,540</u>
	For the year ended
	December 31, 2019
	Depreciation expense
Buildings	\$ 744,528
Machinery and equipment	41,424
Transportation equipment	16,760
Other equipment	4,320
	<u>\$ 807,032</u>

- C. For the year ended December 31, 2019, the additions to right-of-use assets were \$357,613.

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

	<u>For the year ended December 31, 2019</u>
<u>Items affecting profit or loss</u>	
Interest expense on lease liabilities	\$ 48,549
Expense on short-term lease contracts	69,967
Expense on leases of low-value assets	7,766
Gain on sublease of right-of-use assets	14,310

E. For the year ended December 31, 2019, the Group's total cash outflow for leases were \$841,842.

(16) Leasing arrangements – lessor

Effective 2019

- A. The Group leases various assets such as buildings. Rental contracts are typically made for periods of 1 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.
- B. For the year ended December 31, 2019, the Group recognized rental income in the amount of \$244,031, based on the operating lease agreement, which does not include variable lease payments.
- C. The maturity analysis of the lease payments under the operating leases is as follows:

	<u>December 31, 2019</u>
2020	\$ 176,644
2021	93,424
2022	43,173
2023	1,563
Total	<u>\$ 314,804</u>

(17) Investment properties

	<u>Land</u>	<u>Buildings</u>	<u>Right-of-use assets</u>	<u>Total</u>
<u>At January 1, 2019</u>				
Cost	\$ 3,186,561	\$ 3,575,777	\$ -	\$ 6,762,338
Accumulated depreciation	-	(1,262,192)	-	(1,262,192)
Accumulated impairment	(245,638)	(96,140)	-	(341,778)
Balance at January 1, 2019	<u>\$ 2,940,923</u>	<u>\$ 2,217,445</u>	<u>\$ -</u>	<u>\$ 5,158,368</u>
<u>For the year ended</u>				
<u>December 31, 2019</u>				
Balance at January 1, 2019, before restatement	\$ 2,940,923	\$ 2,217,445	\$ -	\$ 5,158,368
Effects of retrospective application	-	-	249,280	249,280
Balance at January 1, 2019, after restatement	2,940,923	2,217,445	249,280	5,407,648
Translation difference	(68,163)	(61,316)	(12,277)	(141,756)
Disposals	(46,754)	(75,159)	(21,325)	(143,238)
Depreciation expense	-	(63,076)	(25,545)	(88,621)
Impairment losses	(1,016)	(1,356)	-	(2,372)
Reversal of impairment loss	2,126	1,480	-	3,606
Transfers (Note)	(76,348)	25,117	-	(51,231)
Balance at December 31, 2019	<u>\$ 2,750,768</u>	<u>\$ 2,043,135</u>	<u>\$ 190,133</u>	<u>\$ 4,984,036</u>
<u>At December 31, 2019</u>				
Cost	\$ 2,995,296	\$ 3,429,010	\$ 256,993	\$ 6,681,299
Accumulated depreciation	-	(1,289,859)	(66,860)	(1,356,719)
Accumulated impairment	(244,528)	(96,016)	-	(340,544)
Balance at December 31, 2019	<u>\$ 2,750,768</u>	<u>\$ 2,043,135</u>	<u>\$ 190,133</u>	<u>\$ 4,984,036</u>

Note: Transferred from (to) property and equipment.

	Land	Buildings	Total
<u>At January 1, 2018</u>			
Cost	\$ 4,106,166	\$ 3,768,832	\$ 7,874,998
Accumulated depreciation	- (	1,237,353) (	1,237,353)
Accumulated impairment	(249,158)	(97,977)	(347,135)
Balance at January 1, 2018	<u>\$ 3,857,008</u>	<u>\$ 2,433,502</u>	<u>\$ 6,290,510</u>
<u>For the year ended</u>			
<u>December 31, 2018</u>			
At January 1, 2018	\$ 3,857,008	\$ 2,433,502	\$ 6,290,510
Translation difference	(32,230)	(20,734)	(52,964)
Disposals	(945,936)	(164,425)	(1,110,361)
Depreciation expense	- (	71,920)	(71,920)
Reversal of impairment loss	3,521	1,837	5,358
Transfers (Note)	58,560	39,185	97,745
Balance at December 31, 2018	<u>\$ 2,940,923</u>	<u>\$ 2,217,445</u>	<u>\$ 5,158,368</u>
<u>At December 31, 2018</u>			
Cost	\$ 3,186,561	\$ 3,575,777	\$ 6,762,338
Accumulated depreciation	- (	1,262,192)	(1,262,192)
Accumulated impairment	(245,638)	(96,140)	(341,778)
Balance at December 31, 2018	<u>\$ 2,940,923</u>	<u>\$ 2,217,445</u>	<u>\$ 5,158,368</u>

Note: Transferred from (to) property and equipment.

- A. The Group's investment properties are initially recognized at its cost and measured subsequently using the cost model. As of December 31, 2019 and 2018, the fair value of investment properties amounted to \$9,610,948 and \$9,100,470, respectively, and assessed by independent qualified appraiser under the comparison approach and direct capitalization method of income approach. The comparison approach is used to compare the price of alternative similar properties to the subject property; the income approach is used to obtain rental income and appropriate rate of return on investment to estimate. The fair values of investment properties on December 31, 2019 and 2018, are classified as Level 2 and Level 3 of the fair value hierarchy amounted to \$6,571,636 and \$3,039,312, \$6,509,014 and \$2,591,456, respectively.
- B. For the years ended December 31, 2019 and 2018, rental income amounted to \$225,108 and \$217,210, respectively; direct operating expenses arising from investment properties that generated rental income amounted to \$73,838 and \$40,670, respectively; direct operating expenses arising from investment properties that did not generate rental income amounted to \$15,236 and \$31,619, respectively.
- C. Please refer to Note 8 for investment properties pledged as collateral.

(18) Impairment of non-financial assets

For the years ended December 31, 2019 and 2018, the Group recognized impairment losses amounting to \$6,048 and \$4,593, respectively. For the years ended December 31, 2019 and 2018, the Group recognized reversal of impairment loss amounting to \$3,606 and \$5,358, respectively. Accumulated impairments on various non-financial assets were as follows:

	December 31, 2019	December 31, 2018
Property and equipment	\$ 90,954	\$ 90,954
Investment properties	340,544	341,778
Intangible assets	75,680	72,836
Total	<u>\$ 507,178</u>	<u>\$ 505,568</u>

(19) Intangible assets

A. Goodwill:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Goodwill	\$ 11,821,717	\$ 11,819,748
Accumulated impairment	(38,634)	(38,634)
Total	<u>\$ 11,783,083</u>	<u>\$ 11,781,114</u>

Yuanta Financial Holdings, the parent company, used shares conversion to bring Polaris Securities Co., Ltd. to the Group on October 3, 2011. In accordance with the business combination accounting treatment (the acquisition method), the excess of the acquisition cost over the fair value of tangible and identifiable intangible assets acquired less the liabilities assumed on the acquisition date should be recorded as goodwill. The Company merged with Polaris Securities Co., Ltd. on April 1, 2012, and the goodwill is continuously recognized. In addition, as at July 8, 2016 and June 12, 2017, the Group completed the acquisitions of shares in Yuanta Securities (Thailand) and Yuanta Securities (Vietnam) and recognized goodwill of \$70,244 and \$134,312, respectively.

B. Goodwill is allocated as follows to the Group's cash-generating units identified according to operating segment:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Brokerage segment	\$ 10,880,078	\$ 10,880,078
Investment banking segment	694,473	694,473
Investment segment - Yuanta Securities (Thailand)	76,983	72,383
Investment segment - Yuanta Securities (Vietnam)	131,549	134,180
Total	<u>\$ 11,783,083</u>	<u>\$ 11,781,114</u>

Goodwill is allocated to the Group's cash-generating units identified according to operating segment. The recoverable amount of all cash-generating units has been determined based on the value-in-use calculations, which are calculated with the assistance of experts according to management's estimate of expected future cash flows for the next five years. For cash flows beyond the fifth year, the following the estimated growth rates are used for calculations.

The Group periodically performs impairment assessments on goodwill at the end of each year. After the assessments, the recoverable amounts of the cash generating units exceeded their carrying amounts for the years ended December 31, 2019 and 2018.

For the key assumptions used in calculating the value-in-use by the brokerage segment, investment banking segment, investment segment-Yuanta Securities (Thailand) and Yuanta Securities (Vietnam), the growth rate were 2%, 2%, 3% and 3%, respectively, and the discount rate were 8.4%, 8.4%, 14% and 16%, respectively, for the year ended December 31, 2019.

For the key assumptions used in calculating the value-in-use by the brokerage segment, investment banking segment, investment segment-Yuanta Securities (Thailand) and Yuanta Securities (Vietnam), the growth rate were 2%, 2%, 3% and 3%, respectively, and the discount rate were 8.9%, 8.8%, 16.2% and 17.6%, respectively, for the year ended December 31, 2018.

C. The changes during the period for customer relationships, computer software and other identifiable intangible assets arising from the merger and acquisition are as follows:

	For the year ended December 31, 2019			
	Customer	Computer		
	Relationships	Software	Others	Total
Cost, January 1, 2019	\$ 3,030,313	\$ 3,902,600	\$ 2,396,815	\$ 9,329,728
Less:Accumulated amortisation	(2,911,799)	(3,618,748)	(1,365,576)	(7,896,123)
Less:Accumulated impairment	-	-	(34,202)	(34,202)
Net book value, January 1, 2019	118,514	283,852	997,037	1,399,403
Additions	15,000	76,421	6,781	98,202
Disposals	-	(43)	(5,967)	(6,010)
Translation difference	-	(6,572)	(40,077)	(46,649)
Amortisation	(118,826)	(123,206)	(31,202)	(273,234)
Impairment loss	-	-	(3,676)	(3,676)
Reclassifications (Note)	-	2,569	-	2,569
Net book value, December 31, 2019	<u>\$ 14,688</u>	<u>\$ 233,021</u>	<u>\$ 922,896</u>	<u>\$ 1,170,605</u>
Cost	\$ 3,045,313	\$ 3,789,704	\$ 2,354,805	\$ 9,189,822
Less:Accumulated amortisation	(3,030,625)	(3,556,683)	(1,394,863)	(7,982,171)
Less:Accumulated impairment	-	-	(37,046)	(37,046)
Net book value, December 31, 2019	<u>\$ 14,688</u>	<u>\$ 233,021</u>	<u>\$ 922,896</u>	<u>\$ 1,170,605</u>

Note: Transferred from prepayment of equipment.

	For the year ended December 31, 2018			
	Customer	Computer		
	Relationships	Software	Others	Total
Cost, January 1, 2018	\$ 3,030,313	\$ 3,840,848	\$ 2,339,647	\$ 9,210,808
Less:Accumulated amortisation	(2,474,656)	(3,365,043)	(1,329,376)	(7,169,075)
Less:Accumulated impairment	-	-	(29,712)	(29,712)
Net book value, January 1, 2018	555,657	475,805	980,559	2,012,021
Additions	-	84,436	65,694	150,130
Disposals	-	-	(8,035)	(8,035)
Translation difference	-	(5,438)	2,370	(3,068)
Amortisation	(437,143)	(297,298)	(38,958)	(773,399)
Impairment loss	-	-	(4,593)	(4,593)
Reclassifications (Note)	-	26,347	-	26,347
Net book value, December 31, 2018	<u>\$ 118,514</u>	<u>\$ 283,852</u>	<u>\$ 997,037</u>	<u>\$ 1,399,403</u>
Cost	\$ 3,030,313	\$ 3,902,600	\$ 2,396,815	\$ 9,329,728
Less:Accumulated amortisation	(2,911,799)	(3,618,748)	(1,365,576)	(7,896,123)
Less:Accumulated impairment	-	-	(34,202)	(34,202)
Net book value, December 31, 2018	<u>\$ 118,514</u>	<u>\$ 283,852</u>	<u>\$ 997,037</u>	<u>\$ 1,399,403</u>

Note: Transferred from prepayment of equipment.

(20) Other non-current assets

	December 31, 2019	December 31, 2018
Operating guarantee deposits	\$ 1,338,115	\$ 987,990
Settlement and clearing fund - stock exchange	287,046	260,772
Settlement and clearing fund - OTC	228,246	211,257
Refundable deposits - rental deposit	1,039,637	1,095,985
Refundable deposits - others	617,037	528,300
Prepayment for equipment	108,911	11,940
Overdue receivables	319,187	363,126
Others	188,989	155,660
Less: Allowance for credit losses	(313,161)	(352,243)
Total	<u>\$ 3,814,007</u>	<u>\$ 3,262,787</u>

Please refer to Note 8 for other non-current assets pledged as collateral.

(21) Short-term loans

	December 31, 2019	December 31, 2018
Unsecured bank loans	\$ 11,827,493	\$ 14,101,894
Secured bank loans	4,341,814	4,463,922
Secured loans - KSFC	19,948,508	23,432,384
Asset-backed short-term bonds	21,319,419	17,735,049
Unsecured short-term debentures	3,410,758	3,121,552
Total	<u>\$ 60,847,992</u>	<u>\$ 62,854,801</u>
Range of interest rates	<u>0.86%~7.50%</u>	<u>0.65%~4.10%</u>

(22) Commercial paper payable

	December 31, 2019	December 31, 2018
Par value on issuance	\$ 38,652,537	\$ 35,600,940
Less: Discount on commercial paper payable	(30,809)	(80,655)
Total	<u>\$ 38,621,728</u>	<u>\$ 35,520,285</u>
Range of interest rates	<u>0.648%~2.200%</u>	<u>0.650%~2.450%</u>

The commercial paper are issued by bills finance companies or banks.

(23) Liabilities for bonds with repurchase agreements

	December 31, 2019	December 31, 2018
Government bonds	\$ 27,844,464	\$ 48,841,176
Corporate bonds	64,597,975	55,119,773
Foreign bonds	29,322,739	28,448,806
Financial bonds	75,350,428	69,933,847
Total	<u>\$ 197,115,606</u>	<u>\$ 202,343,602</u>
Interest rate	<u>-0.30%~3.50%</u>	<u>0.25%~4.10%</u>

As of December 31, 2019 and 2018, liabilities for bonds with repurchase agreements were due within one year. Under the agreements, bonds will be repurchased at agreed-upon prices plus interest on the specific dates after transactions. The total repurchase prices are \$199,200,574 and \$207,500,890, respectively.

(24) Financial liabilities at fair value through profit or loss - current

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Financial liabilities held for trading:		
Liabilities for issuance of call (put) warrants:		
Proceeds from issuance of call (put) warrants	\$ 38,033,938	\$ 45,539,610
Gain on price fluctuation	(902,811)	(13,753,267)
Market value (A)	<u>37,131,127</u>	<u>31,786,343</u>
Repurchase of issued call (put) warrants	33,588,406	38,731,377
Loss on price fluctuation	<u>482,260</u>	(9,816,592)
Market value (B)	<u>34,070,666</u>	<u>28,914,785</u>
Liabilities for issuance of call (put) warrants (A-B)	<u>3,060,461</u>	<u>2,871,558</u>
Derivative financial instruments - OTC	<u>9,134,138</u>	<u>13,580,929</u>
Put options - futures	<u>145,950</u>	<u>155,697</u>
Liabilities for issuance of ETNs	81,082	-
Valuation adjustment on liabilities for issuance of ETNs	<u>3,334</u>	<u>-</u>
Subtotal	<u>84,416</u>	<u>-</u>
Securities borrowed payable - hedged	333,883	1,342,090
Valuation adjustment on securities borrowed payable		
- hedged of valuation on hedging	16,477	(43,826)
Securities borrowed payable - non-hedged	21,870,047	20,035,128
Valuation adjustment on securities borrowed payable		
- non-hedged	<u>845,355</u>	(1,051,374)
Subtotal	<u>23,065,762</u>	<u>20,282,018</u>
Financial liabilities designated as at fair value through profit or loss - current value - current	<u>83,451,289</u>	<u>68,005,401</u>
Total	<u>\$ 118,942,016</u>	<u>\$ 104,895,603</u>

For details of derivative liabilities, please refer to Note 6(25).

For the years ended December 31, 2019 and 2018, the accumulative changes in fair value attributable to changes in its credit risk of the financial liabilities designated at fair value through profit or loss amounted to (\$13,553) and (\$213,633), respectively.

For details of net gain (loss) on financial liabilities at fair value through profit or loss, please refer to Note 6(2)C.

(25) Derivatives instruments

A. Derivatives instruments

(A) Presentation in the balance sheets of derivative financial instruments over-the-counter (OTC) of the Group is as follows:

	December 31, 2019		December 31, 2018	
	Derivative assets	Derivative liabilities	Derivative assets	Derivative liabilities
Interest rate swap contracts	\$ 232,920	\$ 272,451	\$ 248,707	\$ 205,591
Foreign exchange swaps and cross currency swap contracts	15,716	258,785	52,643	92,876
Interest rate swaps due to asset swap	27,609	347,189	62,066	326,604
Asset swap options	-	3,534,693	-	1,784,324
Equity derivatives	3,688,869	4,510,692	6,463,251	10,891,412
Structured products	9,379,235	67,372,332	8,883,242	53,558,458
Credit derivatives	367,096	111,613	508,441	193,667
Convertible Bonds not derecognised due to asset swap	-	16,078,957	-	14,446,943
Forward exchange contracts	40,235	98,674	161,994	79,866
Others	17,141	41	9,227	6,589
	<u>\$ 13,768,821</u>	<u>\$ 92,585,427</u>	<u>\$ 16,389,571</u>	<u>\$ 81,586,330</u>

(B) Futures transactions engaged in by the Group:

a. Balances of futures margins receivable:

	December 31, 2019	December 31, 2018
Futures margins - own funds	<u>\$ 3,771,298</u>	<u>\$ 8,139,529</u>
Futures margins - securities	<u>\$ 1,262,765</u>	<u>\$ 352,275</u>

b. Details of gain (loss) on futures and options recognized for futures trading business are provided in Note 6 (40).

B. Information on financial instruments - interest rate swaps:

The purpose of the Group to enter into an interest rate swap contract is to earn the interest rate spread based on the Group's estimation toward the interest rate trend. The contracts are typically made for periods of 1~5 years. On settlement date, interest is received or paid according to the difference in interest rates based on a specified notional amount. Most of the counterparties are financial institutions. As of December 31, 2019 and 2018, the critical terms were as follows:

	December 31, 2019	
In Taiwan dollars:		
Trading criteria	Receiving at fixed interest rate; paying at floating interest rate	Paying at fixed interest rate; receiving at floating interest rate
Notional amount	\$45,800,000 thousand	\$45,600,000 thousand
Range of fixed interest rates %	0.59%~1.34%	0.67%~1.33%
Floating interest rate index	90 days TAIBOR	90 days TAIBOR
Interest accrued	Quarterly	Quarterly

	December 31, 2019	
In US dollars:		
Trading criteria	Receiving at fixed interest rate; paying at floating interest rate	Paying at fixed interest rate; receiving at floating interest rate
Notional amount	\$225,796 thousand	\$999,522 thousand
Range of fixed interest rates %	4.35%	1.12%~1.16%
Floating interest rate index	USD LIBOR-BBA 3 Month+0.2%	USD LIBOR-BBA 1 Month
Interest accrued	Quarterly	Monthly

	December 31, 2019	
In US dollars:		
Trading criteria	Receiving at fixed interest rate; paying at floating interest rate	Paying at fixed interest rate; receiving at floating interest rate
Notional amount	\$2,412,855 thousand	\$1,029,850 thousand
Range of fixed interest rates %	1.85%~2.61%	1.73%~2.69%
Floating interest rate index	USD LIBOR-BBA 3 Month	USD LIBOR-BBA 3 Month
Interest accrued	Quarterly	Quarterly

	December 31, 2019	
In US dollars:		
Trading criteria	Receiving at fixed interest rate; paying at floating interest rate	Paying at fixed interest rate; receiving at floating interest rate
Notional amount	\$409,081 thousand	\$230,011 thousand
Range of fixed interest rates %	Receivment:2.88% Payment:2.43%	2.51%~2.68%
Floating interest rate index	-	USD-6m Libor flat
Interest accrued	Quarterly	Semi-annually

	December 31, 2019	
In KRW dollars:		
Trading criteria	Receiving at fixed interest rate; paying at floating interest rate	Paying at fixed interest rate; receiving at floating interest rate
Notional amount	\$33,943,150 thousand	\$53,350,400 thousand
Range of fixed interest rates %	1.12%~2.22%	1.21%~2.22%
Floating interest rate index	KOR CD 91days	KOR CD 91days
Interest accrued	Quarterly	Quarterly

	December 31, 2019	
In HKD dollars:		
Trading criteria	Paying at fixed interest rate; receiving at floating interest rate	
Notional amount	\$968,148 thousand	
Range of fixed interest rates %	1.88%~2.16%	
Floating interest rate index	HIBOR-3M	
Interest accrued	Quarterly	

	December 31, 2018	
In Taiwan dollars:		
Trading criteria	Receiving at fixed interest rate; paying at floating interest rate	Paying at fixed interest rate; receiving at floating interest rate
Notional amount	\$39,000,000 thousand	\$40,600,000 thousand
Range of fixed interest rates %	0.71%~1.41%	0.69%~1.33%
Floating interest rate index	90 days TAIBOR	90 days TAIBOR
Interest accrued	Quarterly	Quarterly

	December 31, 2018	
In US dollars:		
Trading criteria	Receiving at fixed interest rate; paying at floating interest rate	Paying at fixed interest rate; receiving at floating interest rate
Notional amount	\$461,278 thousand	\$190,029 thousand
Range of fixed interest rates %	1.60%~2.61%	1.14%~1.73%
Floating interest rate index	USD 3 month LIBOR	USD 3 month LIBOR
Interest accrued	Quarterly	Quarterly

	December 31, 2018	
In US dollars:		
Trading criteria	Receiving at fixed interest rate; paying at floating interest rate	Paying at fixed interest rate; receiving at floating interest rate
Notional amount	\$236,644 thousand	\$1,020,336 thousand
Range of fixed interest rates %	4.35%~4.48%	1.12%~1.16%
Floating interest rate index	USD LIBOR-BBA 3 Month+0.2%	USD LIBOR-BBA 1 Month
Interest accrued	Quarterly	Monthly

	December 31, 2018	
In KRW dollars:		
Trading criteria	Receiving at fixed interest rate; paying at floating interest rate	Paying at fixed interest rate; receiving at floating interest rate
Notional amount	\$45,622,500 thousand	\$69,657,500 thousand
Range of fixed interest rates %	1.57%~2.22%	2.22%
Floating interest rate index	KOR CD 91days	KOR CD 91days
Interest accrued	Quarterly	Quarterly

	December 31, 2018	
In HKD dollars:		
Trading criteria	Receiving at fixed interest rate; paying at floating interest rate	Paying at fixed interest rate; receiving at floating interest rate
Notional amount	\$392,618 thousand	\$1,570,470 thousand
Range of fixed interest rates %	1.80%	1.14%~2.16%
Floating interest rate index	HIBOR-3M	HIBOR-3M
Interest accrued	Quarterly	Quarterly

(26) Guarantee deposit received on security lent

Guarantee deposit received on security lent were \$28,783,494 and \$32,456,068 as of December 31, 2019 and 2018, respectively.

(27) Accounts payable

	December 31, 2019	December 31, 2018
Accounts payable - related parties	\$ 52,458	\$ 8,831
Accounts payable - non-related parties		
Accounts payable - customers' purchases	\$ 4,990,149	\$ 3,784,722
Accounts payable - settlement	27,852,659	17,102,966
Net exchange clearing payable	808,597	906,715
Spot exchange payable	1,353,293	2,567,993
Securities purchased payable	4,877,814	3,263,071
Refund payable for the return of securities lent	153,271	634,546
Others	442,434	388,746
Total	\$ 40,478,217	\$ 28,648,759

(28) Other payables

	December 31, 2019	December 31, 2018
Other payables - related parties	\$ 11,286	\$ 13,477
Other payables - non-related parties		
Salaries and bonuses payable	\$ 2,587,846	\$ 2,136,466
Accrued operating expense	2,342,059	3,135,739
Other payables	880,129	767,540
Total	\$ 5,810,034	\$ 6,039,745

(29) Other financial liabilities - current

	December 31, 2019	December 31, 2018
Customer deposits	\$ 81,992,115	\$ 81,570,726

(30) Long-term liabilities - current portion

	December 31, 2019	December 31, 2018
Convertible corporate bonds	\$ -	\$ 502,447
Unsecured bank borrowings	-	825,000
	\$ -	\$ 1,327,447

Unsecured bank borrowings are long-term loans due within one year. As of December 31, 2018, the borrowings interest rates of the Group was 3.15%.

(31) Other current liabilities

	December 31, 2019	December 31, 2018
Temporary receipts	\$ 27,908	\$ 16,924
Litigation reserves	179,926	205,766
Guarantee deposits received for derivatives transaction	2,751,770	5,027,308
Others	610,581	360,447
Total	\$ 3,570,185	\$ 5,610,445

For former TongYang Securities Inc.'s disputes with investors, incident to the sale of financial instruments issued by associates of the Tong Yang Group, for which investors have filed complaints with the competent authority of Korea, the competent authority of Korea, since July 31, 2014, has announced the results of the first mediation through the subsequent tenth mediation, concluding total disputed sales of ₩697,000 million (approximately NT\$18.2 billion); of which former TongYang Securities Inc. was liable for compensations totaling ₩67,678 million (approximately NT\$1.8 billion). Starting from the end of September 2014, other

than a minority of customers who filed complaints, disagreeing with the above-mentioned mediated results by the competent authority, former TongYang Securities Inc. has commenced paying compensations.

In addition, as of December 31, 2019, there were 3 litigations filed against former TongYang Securities Inc. and its subsidiaries related to the above-mentioned dispute on sales of financial instruments, demanding compensations totaling ₩542,859 million (approximately NT\$14.1 billion); of which 2 were class actions, demanding compensation of ₩492,565 million (approximately NT\$12.8 billion) and ₩50,000 million (approximately NT\$1.3 billion). For the ₩492,565 million class action, the Seoul Central District Court and the Seoul High Court had adjudged, that it was not qualified as a class action and rejected the action. The plaintiffs had filed an appeal, the Supreme Court remanded the case to the Seoul High Court. Then the Seoul High Court dismissed the former Seoul Central District Court's first instance judgment on October 28, 2019, found the relevant formal conditions of the class action (such as commonality and efficiency) were already in place, so the procedure application of this class action was permitted. After Yuanta Securities (Korea) appealed, the Supreme Court dismissed and affirmed the conviction on February 21, 2020. The judgment didn't mean that Yuanta Securities (Korea) was required to compensate the investors, but only that the procedural application of the class action was granted, so that the case would proceed to the substantive trial and the Court would determine whether the plaintiffs' request is justified. For the ₩50,000 million class action, the Seoul Central District Court and the Seoul High Court had rejected through the adjudication procedure on January 5, 2018 and October 17, 2018 respectively, the plaintiffs filed an appeal on October 22, 2018 and the action was in the process of the third instance.

Former TongYang Securities Inc. has recognized litigation reserves amounting to ₩93,400 million (approximately NT\$2.4 billion) on December 31, 2013 for the aforementioned sales dispute and adjustments were made for paid compensations. After comprehensively considering the status of litigations and compensations, Yuanta Securities (Korea) has reversed ₩23,835 million (approximately NT\$620 million) in litigation reserves as of December 31, 2019. As of December 31, 2019, the balance of the litigation reserves for the aforementioned disputes on sales of financial instruments was ₩5,317 million (approximately NT\$140 million).

(32) Bonds payable

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Unsecured corporate bonds	<u>\$ 9,449,634</u>	<u>\$ 1,503,562</u>
The details of corporate bonds as of December 31, 2019 were as follows:		
	<u>Yuanta Securities Co., Ltd. 1st Unsecured Subordinated Corporate Bonds - A issue in 2019</u>	
Par value	\$2,200,000	
Stated interest rate	Fixed interest rate at 1.25%	
Issuance date	June 6, 2019	
Maturity date	June 6, 2026	
Issuance area	Taiwan	
	<u>Yuanta Securities Co., Ltd. 1st Unsecured Subordinated Corporate Bonds - B issue in 2019</u>	
Par value	\$6,300,000	
Stated interest rate	Fixed interest rate at 1.40%	
Issuance date	June 6, 2019	
Maturity date	June 6, 2029	
Issuance area	Taiwan	
	<u>Yuanta Securities Asia Financial Services USD denominated unsecured privately placed bonds</u>	
Par value	USD 50,000 thousand (USD 31,360 thousand outstanding)	
Stated interest rate	Fixed interest rate at 4.10%	
Issuance date	August 2, 2018	
Maturity date	August 2, 2023	
Issuance area	Hong Kong	

(33) Other non-current liabilities

	December 31, 2019	December 31, 2018
Guarantee deposits received	\$ 217,538	\$ 226,695
Net defined benefit liabilities - non-current	4,543,551	4,236,367
Others	42,976	36,187
Total	<u>\$ 4,804,065</u>	<u>\$ 4,499,249</u>

(34) Pensions

A. Defined benefit pension plan

(A) The Company and its domestic subsidiary, Yuanta Securities Finance, have a defined benefit pension plan in accordance with the Labor Standards Act, 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 Labor Standards Act. 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 and 61 units for the Company and Yuanta Securities Finance, respectively. 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 also has a specific retention plan for certain employee. The Company and its domestic subsidiary, Yuanta Securities Finance, contribute monthly an amount equal to 2% and 8% 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. Yuanta Securities (Korea) and its subsidiaries have a defined benefit plan or a defined contribution plan in accordance with the relevant laws and regulations applied by local Korean government. Also, the Company and its domestic subsidiary, Yuanta Securities Finance, 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 for the deficit by next March.

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

	December 31, 2019	December 31, 2018
Present value of defined benefit obligations	\$ 5,818,664	\$ 5,569,500
Fair value of plan assets	(1,440,871)	(1,454,380)
Net defined benefit liability	<u>\$ 4,377,793</u>	<u>\$ 4,115,120</u>

Note: Shown as other non-current liabilities.

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2019			
Balance at January 1	\$ 5,569,500	(\$ 1,454,380)	\$ 4,115,120
Current service cost	368,581	-	368,581
Interest income (expense)	<u>88,118</u>	<u>(17,692)</u>	<u>70,426</u>
	<u>6,026,199</u>	<u>(1,472,072)</u>	<u>4,554,127</u>
Remeasurements:			
Return on plan asset (not including the amount included in interest income or expense)	-	(33,814)	(33,814)
Change in demographic assumptions	(26,161)	-	(26,161)
Change in financial assumptions	217,484	-	217,484
Experience adjustments	<u>(15,461)</u>	<u>-</u>	<u>(15,461)</u>
	<u>175,862</u>	<u>(33,814)</u>	<u>142,048</u>
Pension fund contribution	-	(36,624)	(36,624)
Paid pension	(244,115)	88,339	(155,776)
Translation difference	<u>(139,282)</u>	<u>13,300</u>	<u>(125,982)</u>
Balance at December 31	<u>\$ 5,818,664</u>	<u>(\$ 1,440,871)</u>	<u>\$ 4,377,793</u>

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2018			
Balance at January 1	\$ 5,078,535	(\$ 1,421,562)	\$ 3,656,973
Current service cost	407,394	-	407,394
Interest expense (income)	90,315	(19,817)	70,498
	<u>5,576,244</u>	<u>(1,441,379)</u>	<u>4,134,865</u>
Remeasurements:			
Return on plan asset (not including the amount included in interest income or expense)	-	(26,019)	(26,019)
Change in demographic assumptions	4,036	-	4,036
Change in financial assumptions	174,860	-	174,860
Experience adjustments	17,755	-	17,755
	<u>196,651</u>	<u>(26,019)</u>	<u>170,632</u>
Pension fund contribution	-	(37,907)	(37,907)
Paid pension	(175,627)	47,286	(128,341)
Translation difference	(27,768)	3,639	(24,129)
Balance at December 31	<u>\$ 5,569,500</u>	<u>(\$ 1,454,380)</u>	<u>\$ 4,115,120</u>

- (D) The principal actuarial assumptions used by the Company and its domestic subsidiary, Yuanta Securities Finance, as well as Yuanta Securities (Korea) and its subsidiaries were as follows:

	For the years ended December 31,	
	2019	2018
Discount rate	0.70%~2.10%	0.90%~2.79%
Future salary increase rate	2%~6%	2%~6%
Mortality rate	Matrix is set based on the 5th Chart of Life Span Estimate Used by the Taiwan Life Insurance Enterprises and KIDI official rate.	Matrix is set based on the 5th Chart of Life Span Estimate Used by the Taiwan Life Insurance Enterprises and KIDI official rate.

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory. Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The Company and its domestic subsidiary, Yuanta Securities Finance's analysis were as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2019				
Effect on present value of defined benefit obligation	(\$ 66,483)	\$ 68,692	\$ 60,062	(\$ 58,527)
December 31, 2018				
Effect on present value of defined benefit obligation	(\$ 69,190)	\$ 71,550	\$ 63,104	(\$ 61,437)

The analysis of the Yuanta Securities (Korea) was as follows:

	Discount rate		Future salary increases	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
December 31, 2019				
Effect on present value of defined benefit obligation	(\$ 291,857)	\$ 348,727	\$ 346,348	(\$ 295,437)
December 31, 2018				
Effect on present value of defined benefit obligation	(\$ 278,925)	\$ 335,690	\$ 335,533	(\$ 283,864)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analyzing sensitivity and the method of calculating net pension liability in the balance sheet are the same. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

- (E) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2019 and 2018 is given in the Annual Labor Retirement Fund Utilization Report announced by the government. The operating status of Yuanta Securities (Korea)'s plan assets is disaggregated as follows:

	December 31, 2019	December 31, 2018
Cash and cash equivalents	\$ 121,361	\$ 122,379
Debt instruments	23,598	35,360
Beneficiary certificates	15,024	1,850
Others	75,435	93,889
	<u>\$ 235,418</u>	<u>\$ 253,478</u>

- (F) Expected contributions to the defined benefit pension plans of the Company and its domestic subsidiary, Yuanta Securities Finance, as well as Yuanta Securities (Korea) and its subsidiaries for the year 2020 amounts to \$28,729 and \$10,873, respectively.
- (G) As of December 31, the weighted average duration of the retirement plan of the Company and its domestic subsidiary, Yuanta Securities Finance, as well as Yuanta Securities (Korea) and its subsidiaries are 7~10 years, and 8.85~12.88 years, respectively.
- B. Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering employees with R.O.C nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount no less than 6% of employees’ monthly salaries 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. The pension costs under defined contribution pension plans of the Company and its domestic subsidiaries for the years ended December 31, 2019 and 2018 were \$174,319 and \$181,631, respectively.
- C. The pension plans for the consolidated foreign subsidiaries are as follows:
- (A) The pension plan for Yuanta Securities Asia Financial Services is in compliance with the regulations of each employee nationality. Yuanta Hong Kong Holdings (Cayman), Yuanta Securities Holding (B.V.I.) Ltd. and Yuanta Investment Management (Cayman) Ltd. do not have compulsory pension plans according to local regulations. Other foreign subsidiaries are in compliance with related regulations enacted by local governments.
- (B) Yuanta Securities Asia Financial Services, Ltd., Yuanta Securities (Hong Kong), Yuanta Securities Investment Consulting (Beijing) Co., Ltd., Yuanta Securities (UK), recognized pension costs of \$14,262 and \$17,022 for the years ended December 31, 2019 and 2018, respectively, based on the above-mentioned pension plan. In addition, Yuanta Securities (Korea) and its subsidiaries recognized pension costs of \$54,681 and \$12,691 for the years ended December 31, 2019 and 2018, respectively, based on the above-mentioned pension plan.
- (C) Yuanta Securities (Thailand) and Yuanta Securities (Indonesia) and its subsidiaries recognized pension related liabilities of \$165,758, and \$121,247 as of December 31, 2019 and 2018, respectively, and recognized pension costs of \$63,521 and \$34,471 for the years ended December 31, 2019 and 2018, respectively, based on the abovementioned pension plan.

(35) Common stock

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Common stock	\$ 57,820,321	\$ 54,056,442
Common stock (in thousand shares)	5,782,032	5,405,644

As of December 31, 2019 and 2018, the Company’s authorized capital were all \$67,200,000, and the paid-in capital were 5,782,032 and 5,405,644 thousand shares, respectively (including 216,863 and 202,746 thousand shares through private placement, respectively), with par value of \$10 per share.

In accordance with Article 14 of “Regulations Governing Securities Firms”, the Company transferred its special reserves to share capital, amounting to \$3,763,879 consisting of 376,388 thousand shares with the approval of the Board of Directors by resolution in extraordinary shareholders meeting on November 5, 2019. The transfer was filed for effective registration with the FSC. The effective date for this transfer was set on December 16, 2019, and the registration was completed.

(36) Capital reserve

	Capital surplus			Changes in ownership interests in subsidiaries		Total
	Paid-in capital in excess of par value	Capital surplus from business combination	Expired stock options		Others	
Balance at January 1, 2019	\$ 226,851	\$ 1,230,247	\$ 2,009	\$ 398,811	\$ 297	\$ 1,858,215
Changes in ownership interests in subsidiaries	-	-	-	144,823	-	144,823
Effects of organizational restructure	(226,851)	(1,230,247)	(2,009)	-	-	(1,459,107)
Balance at December 31, 2019	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 543,634</u>	<u>\$ 297</u>	<u>\$ 543,931</u>
Balance at January 1, 2018	\$ 226,851	\$ 1,230,247	\$ 2,009	\$ 330,770	\$ 297	\$ 1,790,174
Changes in ownership interests in subsidiaries	-	-	-	68,041	-	68,041
Balance at December 31, 2018	<u>\$ 226,851</u>	<u>\$ 1,230,247</u>	<u>\$ 2,009</u>	<u>\$ 398,811</u>	<u>\$ 297</u>	<u>\$ 1,858,215</u>

Pursuant to the R.O.C. Company Act, capital reserve 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. The distribution of cash dividends should be in accordance with the Jin-Guan-Zheng-Quan Letter No. 1010029627 dated July 20, 2012. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital reserve to be capitalized as mentioned above should not exceed 10% of the paid-in capital each year. Capital reserve should not be used to cover accumulated deficit unless the legal reserve is insufficient. For details of effects of organizational restructure, please refer to Note 4(2)C.

(37) Legal reserve

As required by the Company Act, 10% of the current year's earnings, after paying all taxes and offsetting prior years' operating losses, if any, shall be set aside as legal reserve until the cumulative balance equals the total amount of paid-in capital. Except for covering accumulated deficit or to increase capital by issuing new shares or to distribute cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. For legal reserve used in issuing new shares or distributing cash dividends, the amount of the legal reserve shall not exceed 25% of paid-in capital. The distribution of cash dividends should be in accordance with the Jin-Guan-Zheng-Quan Letter No. 1010029627 dated July 20, 2012.

(38) Special reserve

A. According to Article 14 of the "Regulations Governing Securities Firms" 20% of the current year's earnings, after paying all taxes and offsetting any accumulated deficit, shall be set aside as special reserve until the reserve 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 purposes. Such capitalization shall not be permitted unless the Company had already accumulated a special reserve of at least 25% of its paid-in capital stock and only quarter of such special reserve may be capitalized.

According to Jin-Guan-Zheng-Quan Letter No. 1010028514 dated June 29, 2012, an equivalent amount of special reserve should be set aside from earnings after tax of the current year and the unappropriated earnings for the prior period based on the debit balance on other equity. For the cumulative debit balance on other equity of the prior period, the same amount of special reserve set aside based on the unappropriated earnings should not be distributed. When the company has already set aside an amount as special reserve, it should set the same amount equal to cumulative debit balance on other equity. When debit balance on other equity is reversed subsequently, the reversed amount could be included in the distributable earnings.

- B. According to Jin-Guan-Zheng-Quan Letter No. 1030053166 dated February 26, 2015, securities firms or subsidiaries should set aside the same amount of special reserve based on the increased amount of retained earnings arising from their acquisition which resulted in bargain purchase gain and it shall not be reversed within one year. After the expiration of one year, the special reserve could be used to cover accumulated deficit. Further, after assessing the underlying asset value of acquisitions being close to the value when acquiring the assets without significant impairment, the special reserve could be capitalized with the review of an independent accountant.
- C. According to Jin-Guan-Zheng-Quan Letter No. 10500278285 dated August 5, 2016, securities firms should set aside 0.5% to 1% of net income after tax as special reserve, upon the distribution of earnings from 2016 to 2018. Starting from 2017, special reserve as mentioned above may be reversed in an amount equal to employees' transformation training expenditure, transfer or arrangement expenditures arising from the development of Fintech. Further, according to Jin-Guan-Zheng-Quan Letter No. 1080321644 dated July 10, 2019, securities firms are no longer required to set aside additional special reserve starting from 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 following expenditures:
- (a) Employees' transfer or arrangement expenditures, including the expenditure of supporting employees transfer between sectors or groups, and pension and employment termination compensation paid when employees retire or resign, which are superior to related labor acts.
 - (b) For the purposes of fintech or securities and futures business development, a training expenditure is spent for upgrading or educating the capability of employees.

(39) Unappropriated earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall be used to pay profit-seeking enterprise income tax and offset prior losses first, set aside 10% of such profit as legal reserve and 20% thereof as special reserve, and then set aside or reverse special reserve as required by law. The Board of Directors should propose the distribution of the remaining earnings along with accumulated retained earnings for the approval of the shareholders during their meeting to distribute dividends. Transportation allowances and conference attendance fees are paid to the directors by reference to industry standards.
- B. Under the Company's Articles of Incorporation, the Company may distribute earnings or cover accumulated deficit on a semi-annual basis after the close of each half fiscal year in compliance with the Company Act. The half fiscal year's earnings, if any, shall be used to estimate and reserve for employees' compensation and taxes to be paid as well as accumulated deficit to be covered first, and then set aside as legal reserve, accounted for as 10% of the remaining amount, and special reserve, accounted for as 20% of the remaining amount, then set aside or reverse special reserve as required by law. The Board of Directors should propose the distribution of the remaining earnings, if any, along with the prior years' unappropriated earnings, if the dividends are distributed in the form of cash, it shall be approved by the Board of Directors, or if the dividends are distributed in the form of new shares, it shall be approved by the shareholders at their special meeting.
- C. The Company, after becoming a subsidiary of Yuanta Financial Holdings, exercised its shareholders' meeting's authority through the Board of Directors pursuant to regulations.
- D (A) The appropriation of 2018 and 2017 earnings have been resolved by the Board of Directors (acting on behalf of shareholders) on June 27, 2019 and June 28, 2018, respectively. No distributions were declared or paid during the first half of 2019 by the Company.

	2018		2017	
	Amount	Dividend per share (in dollars)	Amount	Dividend per share (in dollars)
Legal reserve appropriated	\$ 883,636	\$ -	\$ 764,878	\$ -
Special reserve appropriated	1,767,273	-	1,529,755	-
Special reserve appropriated (Note)	44,182	-	38,244	-
Reversal of special reserve (Note)	(19,580)	-	(36,905)	-
Cash dividends	6,160,853	1.1397	5,352,805	0.9902
Total	<u>\$ 8,836,364</u>		<u>\$ 7,648,777</u>	

Note: Please refer to Note 6 (38)C.

- (B) The appropriation of 2019 earnings have been resolved by the Board of Directors on March 19, 2020, which will be distributed after the Board of Directors resolve on behalf of shareholders. Details are summarized below:

	2019	
	Amount	Dividends per share (in dollars)
Legal reserve appropriated (Note 1)	\$ 782,637	\$ -
Special reserve appropriated (Note 2)	1,792,767	-
Reversal of special reserve (Note 3)	(8,622)	-
Cash dividends	5,259,592	0.9096
Total	<u>\$ 7,826,374</u>	

Note 1: Pursuant to Jing Shang Zi No. 10802432410 issued by the Ministry of Economic Affairs, "after-tax profit for the current period and other items included in the current year's unappropriated earnings other than after-tax profit for the current period" shall be treated as the calculation basis for legal reserve.

Note 2: Pursuant to Article 14 of the "Regulations Governing Securities Firms", after-tax profit for current the period" shall be treated as the calculation basis for special reserve..

Note 3: Please refer to Note 6(38)C.

- E. For information relating to employees' compensation and directors' remuneration, please refer to Note 6(40)J.

(40) Components of statement of comprehensive income

A. Brokerage fee revenue

	For the years ended December 31,	
	2019	2018
From the centralized trading market commissioned business	\$ 10,767,850	\$ 13,213,049
From the business premises commissioned business	2,260,809	2,449,590
Commission revenue from short sales	98,593	131,818
Commission revenue from securities lending	4,026	6,930
Others	-	2,333
Total	<u>\$ 13,131,278</u>	<u>\$ 15,803,720</u>

B. Underwriting fee revenue

	For the years ended December 31,	
	2019	2018
Revenue from underwriting securities on a firm commitment basis	\$ 373,000	\$ 325,259
Revenue from consignment stock fees	27,148	86,520
Revenue from underwriting processing fees	605,766	193,416
Revenue from underwriting bond fees	142,237	124,749
Revenue from underwriting advisory fees	35,119	28,431
Others	98,675	51,110
Total	<u>\$ 1,281,945</u>	<u>\$ 809,485</u>

C. Net gain on sales of trading securities

	For the years ended December 31,	
	2019	2018
Revenue from sale of trading securities	\$ 1,065,159,392	\$ 939,580,634
- proprietary trading		
Cost from sale of trading securities - proprietary trading	(1,060,679,187)	(937,847,380)
Subtotal	<u>4,480,205</u>	<u>1,733,254</u>
Revenue from sale of trading securities - underwriting	2,297,160	2,333,725
Cost from sale of trading securities - underwriting	(2,164,029)	(2,411,099)
Subtotal	<u>133,131</u>	<u>(77,374)</u>
Revenue from sale of trading securities - hedging	111,511,788	136,197,806
Cost from sale of trading securities - hedging	(110,756,594)	(137,009,084)
Subtotal	<u>755,194</u>	<u>(811,278)</u>
Total	<u>\$ 5,368,530</u>	<u>\$ 844,602</u>

D. Interest income

	For the years ended December 31,	
	2019	2018
Financing interest income	\$ 4,270,493	\$ 5,155,472
Bond interest income	4,338,694	3,953,645
Interest income on loans	1,600,513	1,338,797
Interest income on securities business money lending	591,738	564,321
Interest income on bonds under reverse repurchase agreements	545,055	441,450
Interest revenue on structured products	1,199,565	1,301,864
Others	433,679	388,491
Total	<u>\$ 12,979,737</u>	<u>\$ 13,144,040</u>

E. (Expected credit impairment loss) reversal of impairment loss

	For the years ended December 31,	
	2019	2018
Receivables (including other current assets and overdue receivable)	(\$ 346,138)	(\$ 101,618)
Financial assets at fair value through other comprehensive income - debt instruments	(4,036)	15,540
Other financial assets - loans	69,123	(1,408)
Financial assets measured at amortised cost	58	(143)
Total	<u>(\$ 280,993)</u>	<u>(\$ 87,629)</u>

F. Net gain (loss) on trading securities at fair value through profit or loss

	For the years ended December 31,	
	2019	2018
Trading securities - proprietary trading	\$ 971,725	(\$ 516,465)
Trading securities - underwriting	(7,990)	33,719
Trading securities - hedging	3,343,730	(4,758,092)
Total	<u>\$ 4,307,465</u>	<u>(\$ 5,240,838)</u>

G. Gain on warrants issuance

	For the years ended December 31,	
	2019	2018
Gain on changes in fair value of liabilities for issuance of call (put) warrants	\$ 26,069,743	\$ 53,051,028
Gain on exercise of call (put) warrants before maturity	118,954	193,304
Loss on changes in fair value of repurchase of issued call (put) warrants	(25,613,134)	(49,324,885)
Call (put) warrant issuance cost	(320,059)	(320,652)
Total	<u>\$ 255,504</u>	<u>\$ 3,598,795</u>

H. Net (loss) gain from derivative instruments

	For the years ended December 31,	
	2019	2018
Net (loss) gain from derivative instruments - futures		
Futures	(\$ 694,843)	\$ 1,109,101
Options	1,597,515	2,251,676
Subtotal	<u>902,672</u>	<u>3,360,777</u>
Net (loss) gain from derivative instruments - OTC		
Interest rate swaps due to asset swap	153,384	135,595
Asset swap options	(2,029,159)	501,568
Structured products	(5,247,043)	2,569,713
Equity derivatives	4,334,304	(1,873,893)
Foreign exchange swaps and cross currency contracts	(134,402)	273,638
Others	126,832	(15,055)
Subtotal	<u>(2,796,084)</u>	<u>1,591,566</u>
Total	<u>(\$ 1,893,412)</u>	<u>\$ 4,952,343</u>

I. Other operating income

	For the years ended December 31,	
	2019	2018
Fund management fee	\$ 168,612	\$ 114,672
Distribution fee	217,380	267,097
Net loss on error accounts	(7,238)	(17,942)
Financial advisory and arrangement fee	769,283	837,727
Commission income	1,174,049	1,132,099
KSFC interest yields	1,139,283	1,272,717
Fee income on structured bonds	-	207
Net gain (loss) on foreign exchange	597,813	(139,503)
Others	469,711	570,261
Total	<u>\$ 4,528,893</u>	<u>\$ 4,037,335</u>

J. Employee benefit expenses

	For the years ended December 31,	
	2019	2018
Salaries and bonuses	\$ 11,871,271	\$ 12,209,992
Labor and health insurance fees	413,091	399,922
Pension expenses	745,790	723,707
Termination benefits	14,184	12,175
Others	820,580	824,332
Total	<u>\$ 13,864,916</u>	<u>\$ 14,170,128</u>

(A) In accordance with the Company's Articles of Incorporation, after covering accumulated deficits with the year-end earnings (that is income before taxes less income before employees' compensation provisions), the remainder, if any, shall appropriate 0.01% to 5% as employees' compensation.

(B) For the years ended December 31, 2019 and 2018, employees' compensation was accrued at \$39,525 and \$36,774, respectively; while directors' remuneration was accrued at both \$0. Employees' compensation and directors' remuneration were estimated and accrued based on 0.45% and 0% of distributable profit of current year ended December 31, 2019, which will be distributed in the form of cash. The accrued amounts in the 2018 financial statements were the same as the actual distributed amounts as resolved by the meeting of Board of Directors and the shareholders. The employees' compensation and directors' remuneration as resolved by the meeting of Board of Directors and the shareholders are posted in the "Market Observation Post System".

K. Depreciation and amortisation

	For the years ended December 31,	
	2019	2018
Depreciation expense	\$ 1,326,916	\$ 523,167
Amortisation expense	273,234	773,399
Total	<u>\$ 1,600,150</u>	<u>\$ 1,296,566</u>

L. Other operating expenses

	For the years ended December 31,	
	2019	2018
Taxes	\$ 1,736,323	\$ 1,936,780
Commission expense	599,542	658,473
Information services	1,072,823	1,145,916
Rental	77,733	802,056
Securities lending fee	781,088	670,536
Sundry expense	686,910	700,238
Professional fee	517,159	574,725
Postage and telecommunication	370,592	368,478
Entertainment	256,999	249,757
Custody service fee	190,347	211,212
Repairs and maintenance	184,404	162,172
Utilities	231,683	223,493
Others	685,076	825,982
Total	<u>\$ 7,390,679</u>	<u>\$ 8,529,818</u>

M. Other gains and losses

	For the years ended December 31,	
	2019	2018
Financial income	\$ 514,377	\$ 403,728
Rebate income from banks	236,849	225,100
Rental income	244,031	221,823
Dividend income	474,231	399,533
Co-marketing income	16,615	18,524
Net gain (loss) on disposal of investments	20,761 (	9,982)
Impairment loss of non-financial assets	(6,048) (	4,593)
Reversal of impairment loss on non-financial assets	3,606	5,358
Gain (loss) on non-operating financial instruments measured at fair value through profit or loss	4,563 (	2,093)
Gain on disposal of property and equipment and investment properties	37,514	202,662
Depreciation of investment properties	(88,621) (	71,920)
Others	47,051	141,892
Total	<u>\$ 1,504,929</u>	<u>\$ 1,530,032</u>

(41) Income tax

A. Income tax expense:

(A) Components of income tax expense:

	For the years ended December 31,	
	2019	2018
Current tax:		
Current income tax on profits for the period	\$ 1,168,376	\$ 1,411,045
Prior year income tax (over) underestimation	(43,530)	35,463
Subtotal	1,124,846	1,446,508
Deferred tax:		
Origination and reversal of temporary differences	38,306	4,040
Impact of change in tax rate	-	172,728
Subtotal	38,306	176,768
Income tax expense	\$ 1,163,152	\$ 1,623,276

(B) Income tax (charge)/credit in relating to components of other comprehensive income:

	For the years ended December 31,	
	2019	2018
Income tax in relation to items that will not be reclassified to profit or loss		
Remeasurement arising on defined benefit plan	\$ 28,595	\$ 42,300
Impact of change in tax rate	-	40,340
Fair value change from own credit risk on financial liability designated at fair value	2,812	53,047
Gain on equity instruments classified at fair value through other comprehensive income	(5,205)	(11,000)
Share of other comprehensive income of associates and joint ventures accounted for under the equity method	140	270
Income tax in relation to items that may be reclassified subsequently to profit or loss		
(Gain) loss on debt instruments classified at fair value through other comprehensive income	(500)	5,405
Translation differences for foreign operations	(119,622)	(30,700)
Total	(\$ 93,780)	\$ 99,662

B. Reconciliation between income tax expense and accounting profit:

	For the years ended December 31,	
	2019	2018
Tax calculated based on profit before tax using statutory tax rates of various countries	\$ 2,711,257	\$ 3,028,051
Effect from tax exempt income	(960,639)	(763,546)
Effect from items disallowed by tax regulation	28,349	(48,246)
Effect from change in the tax rate	-	172,728
Temporary differences not recognized as deferred tax items	(237,479)	(803,692)
Taxable loss not recognized as deferred tax assets which realised during the year	(584,690)	-
Prior year income tax (over) under estimation	(43,530)	35,463
Effect from Alternative Minimum Tax	247,511	-
Land value increment tax	627	-
Others	1,746	2,518
Income tax expense	<u>\$ 1,163,152</u>	<u>\$ 1,623,276</u>

C. The Company's income tax returns through 2015 have been assessed by the Tax Authority. The income tax returns of the Company's subsidiaries, Yuanta International Insurance Brokers Co., Ltd. and Yuanta Securities Finance have been assessed by the Tax Authority through 2018 and 2015, respectively.

D. Amounts of deferred income tax assets or liabilities as a result of temporary difference and loss carryforwards are as follows:

	For the year ended December 31, 2019				
		Amount recognized in other comprehensive income	Others	December 31	
	January 1	in profit or loss			
Deferred income tax assets					
- temporary difference:					
Employee benefit expenses and remeasurement arising on defined benefit plan	\$ 851,003	\$ 70,783	\$ 28,595	\$ -	\$ 950,381
Loss carryforwards	1,695,629	139,875	-	-	1,835,504
Litigation reserves	13,800	986	-	-	14,786
Unrealized losses on financial instruments	475,013	(106,193)	-	-	368,820
Unrealized exchange loss	63,678	11,664	-	-	75,342
Unrealised loss on call (put) warrants	170,220	22,488	-	-	192,708
Others	533,786	(231,821)	(142,266)	-	159,699
	<u>\$ 3,803,129</u>	<u>(\$ 92,218)</u>	<u>(\$ 113,671)</u>	<u>\$ -</u>	<u>\$ 3,597,240</u>
Deferred income tax liabilities					
- temporary difference:					
Goodwill amortization	\$ 2,085,491	\$ -	\$ -	\$ -	\$ 2,085,491
Unrealized gains on financial instruments	804,921	(107,121)	18,659	-	716,459
Others	78,268	53,208	(38,550)	-	92,926
	<u>\$ 2,968,680</u>	<u>(\$ 53,913)</u>	<u>(\$ 19,891)</u>	<u>\$ -</u>	<u>\$ 2,894,876</u>

	For the year ended December 31, 2018				
	Amount		Amount		December 31
	January 1	in profit or loss	recognized in other comprehensive income	Others	
Deferred income tax assets					
- temporary difference:					
Employee benefit expenses and remeasurement arising on defined benefit plan	\$ 683,419	\$ 84,957	\$ 82,640	(\$ 13)	\$ 851,003
Loss carryforwards	2,204,013	(504,817)	-	(3,567)	1,695,629
Litigation reserves	11,730	2,070	-	-	13,800
Unrealized losses on financial instruments	132,683	348,131	(5,801)	-	475,013
Unrealized exchange loss	123,223	(59,545)	-	-	63,678
Unrealised loss on call (put) warrants	93,586	76,634	-	-	170,220
Others	404,428	105,122	24,165	71	533,786
	<u>\$ 3,653,082</u>	<u>\$ 52,552</u>	<u>\$ 101,004</u>	<u>(\$ 3,509)</u>	<u>\$ 3,803,129</u>
Deferred income tax liabilities					
- temporary difference:					
Goodwill amortization	\$ 1,875,906	\$ 209,585	\$ -	\$ -	\$ 2,085,491
Unrealized gains on financial instruments	707,840	97,288	(207)	-	804,921
Others	154,272	(77,553)	1,549	-	78,268
	<u>\$ 2,738,018</u>	<u>\$ 229,320</u>	<u>\$ 1,342</u>	<u>\$ -</u>	<u>\$ 2,968,680</u>

- E. As of December 31, 2019 and 2018, unused loss carryforwards of the second-tier subsidiary, Yuanta Securities (Hong Kong) were \$901,196 and \$1,218,242, respectively, among which, unrecognized deferred income tax assets were \$495,852 and \$806,816, respectively. No expiration date was set for such loss carryforwards in accordance with local regulations. As of December 31, 2019 and 2018, unused loss carryforwards of the second-tier subsidiary Yuanta Investment Consulting (Beijing) Co., Ltd. were \$52,792 and \$47,354, respectively, and the unrecognized deferred income tax assets were \$52,792 and \$47,354, respectively. In accordance with local regulations, it would expire in 2024. As of December 31, 2019 and 2018, unused loss carryforwards of the second-tier subsidiary Yuanta Securities (Korea) were \$5,968,957 and \$6,896,276, respectively, and the unrecognized deferred income tax assets were \$0 and \$1,193,940, respectively. In accordance with local regulations, it would expire in 2025.
- F. The Company has not recognized the deferred income tax liabilities for the related taxes arose from the unremitted retained earnings of the subsidiary, Yuanta Securities Asia Financial Services. As of December 31, 2019 and 2018, the amounts were \$4,593,784 and \$4,321,956, respectively. The above unremitted retained earnings will be reinvested in the future. As of December 31, 2019 and 2018, the unremitted retained earnings of such subsidiary were \$22,968,918 and \$21,609,780, respectively. As of December 31, 2019 and 2018, the unrecognized deferred income tax assets of Yuanta Securities (Korea) on provisions were \$0 and \$926,391, respectively. Yuanta Securities (Korea) has not recognised taxable temporary differences associated with investments accounted for under the equity method as deferred income tax liabilities. As of December 31, 2019 and 2018, the amounts of temporary difference unrecognised as deferred income tax liabilities were \$61,493 and \$64,916, respectively.
- G. With respect to the income tax returns of the Company for the fiscal years from 2007 to 2015, the Company disagreed with the assessments of the Tax Authority and had filed for administrative remedy. As of December 31, 2019, the Company had recognised the related effects from income tax in the amount of \$1,715,874.

H. With respect to the income tax return of the dissolved company, Polaris Securities Co., Ltd., for the fiscal year 2011, the Company disagreed with the assessment of the Tax Authority and had filed for administrative remedy. As of December 31, 2019, the Company had recognised the related effects from income tax in the amount of \$61,137.

I. Under the amendments to the Income Tax Act which was promulgated by the President of the Republic of China on February 7, 2018, the Company's applicable income tax rate was raised from 17% to 20% effective from January 1, 2018. The Group has assessed and recognized the impact of the change in income tax rate.

(42) Earnings per share

The basic earnings per share for the years ended December 31, 2019 and 2018 are as follows:

For the year ended December 31, 2019			
	Amount after tax	Weighted-average number of shares outstanding (share in thousands)	Earnings per share (in dollars)
Profit attributable to equity of the parent	\$ 8,963,832	5,782,032	\$ 1.55
Profit attributable to former equity under common control	54,687		0.01
			<u>\$ 1.56</u>
For the year ended December 31, 2018			
	Amount after tax	Weighted-average number of shares outstanding (share in thousands)	Earnings per share (in dollars)
Profit attributable to equity of the parent	\$ 8,888,331	5,782,032	\$ 1.54
Profit attributable to former equity under common control	503,077		0.08
			<u>\$ 1.62</u>

Above-mentioned weighted average-number of shares outstanding has been adjusted retrospectively in accordance with the ratio of capitalization (special reserve transferred to share capital) on December 16, 2019. For the year ended December 31, 2018, the basic post-tax earnings per share of profits attributable to equity of the parent and former equity under common control before adjustment, amounted to \$1.64 and \$0.10, respectively.

(43) Changes in liabilities from financing activities

	Short-term loans	Commercial paper payable	Bonds payable (Note)
At January 1, 2019	\$ 62,854,801	\$ 35,520,285	\$ 2,831,009
Changes in cash flow from financing activities	(2,006,809)	2,969,956	7,279,114
Amortisation of discounts and premiums	-	131,487	(66,084)
Translation difference	-	-	(594,405)
At December 31, 2019	<u>\$ 60,847,992</u>	<u>\$ 38,621,728</u>	<u>\$ 9,449,634</u>

	Short-term loans	Commercial paper payable	Bonds payable (Note)
At January 1, 2018	\$ 68,198,771	\$ 39,062,112	\$ 5,430,879
Changes in cash flow from financing activities	(5,343,970)	(3,519,801)	(2,529,369)
Amortisation of discounts and premiums	-	(22,026)	84,390
Translation difference	-	-	(154,891)
At December 31, 2018	<u>\$ 62,854,801</u>	<u>\$ 35,520,285</u>	<u>\$ 2,831,009</u>

Note: Bonds payable were recognized under “Long-term liabilities - current portion” and “Bonds payable”.

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling entity

The Group’s ultimate entity is Yuanta Financial Holdings, which owns 100% of the Company’s common shares. Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this Note. Transactions with other related parties are as follows:

(2) Names and relationship of related parties

Names of related parties	Relationship with the Group
Funds under managed by Yuanta Securities Investment Trust	Investment funds managed by Yuanta Securities Investment Trust
Yuanta Life Insurance Co., Ltd. (Yuanta Life)	Affiliated company
Yuanta Bank Co., Ltd. (Yuanta Bank)	Affiliated company
Yuanta Savings Bank (Korea) Inc. (Yuanta Savings Bank (Korea))	Affiliated company
Yuanta Futures Co., Ltd. (Yuanta Futures)	Affiliated company
Yuanta Securities Investment Trust Co., Ltd. (Yuanta Securities Investment Trust)	Affiliated company
Yuanta Securities Investment Consulting Co., Ltd. (Yuanta Securities Investment Consulting)	Affiliated company
Yuanta Cultural and Educational Foundation (Yuanta Foundation)	A director of Yuanta Group acting as its key management personnel
Yuanta-Polaris Research Institute (Yuanta-Polaris Research)	Related parties
Antay Securities Co., Ltd. (Antay Securities)	Relative of Yuanta Group's key management personnel holds a key managing position in the entity
Mercuries Life Insurance Co., Ltd. (Mercuries Life Insurance)	Major shareholders of Yuanta Group (Note 1)
Sintronic Technology Inc. (Sintronic Technology)	A director of Yuanta Group acting as its key management personnel
2011KIF-TONGYANG IT Venture Fund	Investments accounted for under the equity method
IBKC-TONGYANG Growth 2013 Private Equity Fund	Investments accounted for under the equity method
KVIC-Yuanta 2015 Overseas Fund	Investments accounted for under the equity method
2016 KIF Yuanta ICT Fund	Investments accounted for under the equity method
TONGYANG AGRI-FOOD INVESTMENT FUND II	Investments accounted for under the equity method
Yuanta Diamond Funds SPC	A fund managed by Yuanta Securities (Hong Kong)
Global Growth Investment, L.P.	A fund managed by Yuanta Asia Investment (B.V.I.)
Yuanta Asia Growth Investment, L.P.	A fund managed by Yuanta Asia Investment (Note2)
Yuanta Secondary No.2 Fund	Investments accounted for under the equity method
Yuanta Secondary No.3 Private Equity Fund	Investments accounted for under the equity method (Note3)
Yuanta SPAC III	Investments accounted for under the equity method
Yuanta SPAC IV	Investments accounted for under the equity method (Note4)
Yuanta SPAC V	Investments accounted for under the equity method (Note5)
Yuanta SPAC VI	Investments accounted for under the equity method (Note6)

Names of related parties	Relationship with the Group
Others	The Yuanta Group, funds managed by consolidated subsidiaries, related parties, major shareholders of affiliated entities, invested enterprises of key management and its close relatives, and the key management of the consolidated company.

Note 1: Mercuries Life Insurance is no longer a related party since December 2018.

Note 2: Yuanta Asia Growth Investment, L.P. is a related party since December 28, 2018.

Note 3: Yuanta Secondary No.3 Private Equity Fund is a related party since December 28, 2018.

Note 4: Yuanta SPAC IV is a related party since November 23, 2018.

Note 5: Yuanta SPAC V is a related party since September 4, 2019.

Note 6: Yuanta SPAC VI is a related party since October 17, 2019.

(3) Significant related party transactions and balances

A. The commission income - futures, service charges - clearing and settlement, futures margins, commission income receivable (under "accounts receivable") and handling charges - proprietary trading generated from futures introducing broker transactions on behalf of related parties are as follows:

	December 31, 2019		
	Futures margins		
	Own funds	Futures excess margins	Securities
Fellow subsidiary			
Yuanta Futures	\$ 1,947,002	\$ 1,632,559	\$ 1,005,485
	December 31, 2018		
	Futures margins		
	Own funds	Futures excess margins	Securities
Fellow subsidiary			
Yuanta Futures	\$ 1,240,997	\$ 2,191,639	\$ -
	December 31, 2019		December 31, 2018
	Commission income receivable	Clearing and settlement service charge payable	Commission income receivable
			Clearing and settlement service charge payable
Fellow subsidiary			
Yuanta Futures	\$ 14,505	\$ 2,364	\$ 18,768
			\$ 3,547
	For the year ended December 31, 2019		
	Commission income - futures	Service charges - clearing and settlement	Handling charges - proprietary trading
Fellow subsidiary			
Yuanta Futures	\$ 180,725	\$ 29,125	\$ 117,790

For the year ended December 31, 2018			
	Commission income - futures	Service charges - clearing and settlement	Handling charges - proprietary trading
Fellow subsidiary			
Yuanta Futures	\$ 254,622	\$ 40,618	\$ 101,867

B. Bank deposits, interest income and interest receivable

(A) Details of deposits of the Group with related parties as of December 31, 2019 and 2018, are as follows:

	December 31, 2019		December 31, 2018	
	Ending balance of bank deposits	Other receivables - Interest receivable (Note)	Ending balance of bank deposits	Other receivables - Interest receivable (Note)
Fellow subsidiary				
Yuanta Bank	\$ 13,828,513	\$ 13,639	\$ 8,553,913	\$ 4,489

For the years ended December 31,			
2019		2018	
Other gains and losses - interest income (Note)		Other gains and losses - interest income (Note)	
Fellow subsidiary			
Yuanta Bank	\$ 127,342	\$ 63,987	

Note: Including the interest of demand deposits, time deposits and operating guarantee deposits.

(B) As of December 31, 2019 and 2018, the certificate of deposits that the Group provided to Yuanta Bank (under “other current assets”) as collateral for credit facility and guarantee deposits of structured products amounted to \$598,000 and \$629,000, respectively.

C. Accounts receivable/payable

(A) Receivables/payables - consolidated income tax return (under “current income tax assets/liabilities”)

	December 31, 2019	December 31, 2018
Consolidated income tax return receivables		
Parent company		
Yuanta Financial Holdings	\$ 798,353	\$ 699,172
Consolidated income tax return payables		
Parent company		
Yuanta Financial Holdings	\$ 1,036,056	\$ 687,285

(B) Other payables - receipts on behalf of others

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Parent company		
Yuanta Financial Holdings	\$ 9,069	\$ 12,078
Fellow subsidiary		
Others	129	132
	<u>\$ 9,198</u>	<u>\$ 12,210</u>

(C) Commercial paper payable

	<u>December 31, 2019</u>	
	<u>Commercial paper</u>	<u>Interest payable</u>
Key management personnel		
Others	\$ 10,091	\$ 1
	<u>Interest expense</u>	
	<u>For the years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Key management personnel		
Others	\$ 108	\$ -

There are no commercial paper payable for the year ended December 31, 2018.

D. Operating guarantee deposits

The Group's time deposits provided for operating guarantee deposits to related parties with regard to securities and futures business. Details were as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Fellow subsidiary		
Yuanta Bank	\$ 1,265,000	\$ 925,000

E. Refundable deposits

The Group's time deposits provided for refundable deposits to related parties with regard to securities lending auction. Details were as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Fellow subsidiary		
Yuanta Bank	\$ 100,000	\$ 100,000

F. Deposits on securities borrowed, receivables from deposits on securities borrowed, security borrowing expenses payable and security borrowing expenses

The Group's cash provided to related parties with regard to securities lending and borrowing business and ending balance of receivables from deposits on securities borrowed (under "accounts receivable - related parties"). Details were as follows:

	<u>December 31, 2019</u>		
	<u>Deposits on</u>	<u>Receivables from</u>	
	<u>securities borrowed</u>	<u>deposits on</u>	<u>Security borrowing</u>
		<u>securities borrowed</u>	<u>expenses payable</u>
Funds under managed by fellow subsidiary			
Funds under managed by Yuanta			
Securities Investment Trust	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	<u>December 31, 2018</u>		
	<u>Deposits on</u>	<u>Receivables from</u>	
	<u>securities borrowed</u>	<u>deposits on</u>	<u>Security borrowing</u>
		<u>securities borrowed</u>	<u>expenses payable</u>
Funds under managed by fellow subsidiary			
Funds under managed by Yuanta			
Securities Investment Trust	<u>\$ 69,904</u>	<u>\$ -</u>	<u>\$ 566</u>
	<u>Security borrowing expenses</u>		
	<u>For the years ended December 31,</u>		
	<u>2019</u>	<u>2018</u>	
Funds under managed by fellow subsidiary			
Funds under managed by Yuanta			
Securities Investment Trust	<u>\$ 5,576</u>	<u>\$ 7,305</u>	
<u>G. Receivable of securities business money lending, interest receivable and interest income on securities business money lending</u>			
	<u>Receivable of securities business money lending</u>		
	<u>December 31, 2019</u>	<u>December 31, 2018</u>	
Other related parties			
Others	<u>\$ 10,778</u>	<u>\$ 37,055</u>	
	<u>Interest receivable</u>		
	<u>December 31, 2019</u>	<u>December 31, 2018</u>	
Other related parties			
Others	<u>\$ -</u>	<u>\$ 588</u>	
	<u>Interest income on securities business money lending</u>		
	<u>For the years ended December 31,</u>		
	<u>2019</u>	<u>2018</u>	
Other related parties			
Others	<u>\$ 696</u>	<u>\$ 663</u>	

H. Receivables from loans to employees, interest receivable and interest income on loans to employees

	Receivables from loans to employees and interest receivable	
	December 31, 2019	December 31, 2018
Key management personnel		
Others	\$ 12,330	\$ 15,791
Other related parties		
Others	209,653	240,153
	<u>\$ 221,983</u>	<u>\$ 255,944</u>
Interest income on loans to employees		
For the years ended December 31,		
	2019	2018
Key management personnel		
Others	\$ 275	\$ 720
Other related parties		
Others	9,686	8,615
	<u>\$ 9,961</u>	<u>\$ 9,335</u>

I. Receivables from distribution fees and income from distribution fee

	Receivables from distribution fee	
	December 31, 2019	December 31, 2018
Fellow subsidiary		
Yuanta Securities Investment Trust	<u>\$ 1,015</u>	<u>\$ 861</u>
Income from distribution fee		
For the years ended December 31,		
	2019	2018
Fellow subsidiary		
Yuanta Securities Investment Trust	\$ 27,283	\$ 17,920
Funds under managed by fellow subsidiary		
Funds under managed by Yuanta Securities Investment Trust	7,206	423
	<u>\$ 34,489</u>	<u>\$ 18,343</u>

J. Commission receivable and commission income

	Commission receivable	
	December 31, 2019	December 31, 2018
Fellow subsidiary		
Yuanta Life	\$ 86,243	\$ 41,893
Others	116	159
	<u>\$ 86,359</u>	<u>\$ 42,052</u>

	Commission income	
	For the years ended December 31,	
	2019	2018
Fellow subsidiary		
Yuanta Life	\$ 562,474	\$ 438,694
Others	168	689
	<u>\$ 562,642</u>	<u>\$ 439,383</u>

K. Receivable from transfer-agent services and income from transfer-agent services

	Receivable from transfer-agent services	
	December 31, 2019	December 31, 2018
Fellow subsidiary		
Yuanta Futures	\$ 125	\$ 125
Others	10	-
Other related parties		
Others	24	34
	<u>\$ 159</u>	<u>\$ 159</u>

	Income from transfer-agent services	
	For the years ended December 31,	
	2019	2018
Parent company		
Yuanta Financial Holdings	\$ 17,384	\$ 21,609
Fellow subsidiary		
Others	3,584	3,489
Key management personnel		
Others	1,500	-
Other related parties		
Others	267	490
	<u>\$ 22,735</u>	<u>\$ 25,588</u>

L. Refund receivable for investments

	Refund receivable for investments	
	December 31, 2019	December 31, 2018
Other related parties		
2011KIF-TONGYANG IT Venture Fund	\$ 35,277	\$ 36,617
TONGYANG AGRI-FOOD INVESTMENT FUND II	32,459	33,537
IBKC-TONGYANG Growth 2013 Private Equity Fund	52,775	25,518
	<u>\$ 120,511</u>	<u>\$ 95,672</u>

M. Settlement payable

	December 31, 2019	December 31, 2018
Fellow subsidiary		
Yuanta Securities Investment Trust	\$ 25,880	\$ -
Other related parties		
Antay Securities	6,717	-
	<u>\$ 32,597</u>	<u>\$ -</u>

N. Amounts held for settlement

As of December 31, 2019 and 2018, the Group had amounts held for settlement of \$685,668 and \$1,487,493, respectively, which were deposited at its fellow subsidiary, Yuanta Bank.

O. Other financial liabilities and interest expense

	Other financial liabilities	
	December 31, 2019	December 31, 2018
Fellow subsidiary		
Yuanta Savings Bank (Korea)	\$ 5,210	\$ 5,500
Key management personnel		
Others	22,853	5,033
Other related parties		
Others	1,300	1
	<u>\$ 29,363</u>	<u>\$ 10,534</u>

	Interest expense	
	For the years ended December 31,	
	2019	2018
Fellow subsidiary		
Yuanta Savings Bank (Korea)	\$ 16	\$ 16
Key management personnel		
Others	3	5
Other related parties		
Others	5	19
	<u>\$ 24</u>	<u>\$ 40</u>

P. Guarantee deposits received (rental deposit)

	December 31, 2019	December 31, 2018
Parent company		
Yuanta Financial Holdings	\$ 4,897	\$ 4,897
Fellow subsidiary		
Yuanta Bank	6,085	6,645
Yuanta Futures	5,154	5,154
Others	3,554	3,972
Other related parties		
Others	547	547
	<u>\$ 20,237</u>	<u>\$ 21,215</u>

Q. Property transactions

Property transactions between the Group and related parties are as follows:

(A) Liabilities for bonds with repurchase agreements

For the year ended December 31, 2019					
	Maximum balance	Ending balance	Range	Foreign currency ending balance	
Key management personnel					
Others	\$ 450,043	\$ 430,000	0.35%~0.40%		
Others	14,451	14,451	1.65%~2.40%	USD	480
			(Note: USD)		
Other related parties					
Others	1,744,734	896,053	0.35%~0.45%		
		<u>\$ 1,340,504</u>			
For the year ended December 31, 2018					
	Maximum balance	Ending balance	Range	Foreign currency ending balance	
Funds under managed by fellow subsidiary					
Funds under managed by Yuanta Securities Investment Trust	\$ 442,253	\$ -	4.10%	CNY	-
			(Note: CNY)		
Funds under managed by Yuanta Securities Investment Trust	147,035	-	2.00%~2.05%	USD	-
			(Note: USD)		
Key management personnel					
Others	481,040	280,041	0.35%		
Others	6,146	6,146	1.80%~2.25%	USD	200
			(Note: USD)		
Other related parties					
Others	806,837	746,014	0.35%		
		<u>\$ 1,032,201</u>			

Note: The transactions are repurchase agreements denominated in foreign currencies.

	Interest expense	
	For the years ended December 31,	
	2019	2018
Funds under managed by fellow subsidiary		
Funds under managed by Yuanta Securities Investment Trust	\$ -	\$ 2,156
Key management personnel		
Others	1,661	1,341
Other related parties		
Mercuries Life Insurance	-	2,063
Others	4,062	2,615
	<u>\$ 5,723</u>	<u>\$ 8,175</u>

(B) Bonds sold and purchased

	For the years ended December 31,			
	2019		2018	
	<u>Bonds purchased</u>	<u>Bonds sold</u>	<u>Bonds purchased</u>	<u>Bonds sold</u>
Parent company				
Yuanta Financial Holdings	\$ -	\$ -	\$ 1,900,000	\$ -
Fellow subsidiary				
Yuanta Bank	-	-	-	199,968
Other related parties				
Yuanta SPAC III	17,323	-	18,287	-
Yuanta SPAC IV	20,189	-	21,313	-
Yuanta SPAC V	25,660	-	-	-
Yuanta SPAC VI	25,659	-	-	-
Mercuries Life Insurance	-	-	3,331,420	7,021,211
	<u>\$ 88,831</u>	<u>\$ -</u>	<u>\$ 5,271,020</u>	<u>\$ 7,221,179</u>

(C) Investment in bonds under reverse repurchase agreements

	For the year ended December 31, 2019			
	<u>Maximum balance</u>	<u>Ending balance</u>	<u>Range</u>	<u>Foreign currency ending balance</u>
Key management personnel				
Others	\$ 37,633	\$ 37,633	1.65%~3.25% (Note: USD)	USD 1,250
Other related parties				
Others	9,634	9,634	2.50%~3.20% (Note: USD)	USD 320
		<u>\$ 47,267</u>		

For the year ended December 31, 2018				
	Maximum balance	Ending balance	Range	Foreign currency ending balance
Key management personnel				
Others	\$ 47,329	<u>\$ 47,329</u>	2.10%~3.25% (Note: USD)	USD 1,540

Note: The transactions are reverse repurchase agreements denominated in foreign currencies.

Interest income			
For the years ended December 31,			
	2019		2018
Key management personnel			
Others	\$ 1,136	\$	1,160
Other related parties			
Others	305		-
	<u>\$ 1,441</u>	<u>\$</u>	<u>1,160</u>

R. Lease transactions - lessee

(A) The Group leases buildings from Yuanta Bank. Rental contracts are typically made for periods of 3 to 5 years and rental payments are made at the beginning of each month.

(B) Acquisition of right-of-use assets:

	For the year ended December 31, 2019
Fellow subsidiary	
Yuanta Bank	<u>\$ 12,348</u>

In addition, the Group increased right-of-use assets by \$16,209 on January 1, 2019 due to the application of IFRS 16.

(C) Lease liabilities

	December 31, 2019
	<u>Lease liabilities</u>
Fellow subsidiary	
Yuanta Bank	<u>\$ 21,700</u>
	For the year ended December 31, 2019
	<u>Financial costs</u>
Fellow subsidiary	
Yuanta Bank	<u>\$ 226</u>

S. Structured products

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Key management personnel		
Others	\$ 58,804	\$ 83,294
Other related parties		
Others	10,396	10,353
	<u>\$ 69,200</u>	<u>\$ 93,647</u>

T. Customer margin accounts

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Fellow subsidiary		
Yuanta Futures	<u>\$ 193,327</u>	<u>\$ 102,933</u>

U. Brokerage fee revenue

The transaction details of the Group's brokerage fee revenue from securities brokerage business by related parties are as follows:

	<u>For the years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Parent company		
Yuanta Financial Holdings	\$ -	\$ 768
Fellow subsidiary		
Yuanta Bank	24,335	10,719
Yuanta Life	13,869	10,028
Others	5,404	3,669
Funds under managed by fellow subsidiary		
Funds under managed by Yuanta Securities		
Investment Trust	49,014	49,323
Key management personnel		
Others	14,136	14,419
Other related parties		
Others	11,630	19,535
	<u>\$ 118,388</u>	<u>\$ 108,461</u>

These securities brokerage transactions mentioned above were made in the ordinary course of business and carried out at arms-length commercial terms.

V. Other operating income

Dividend income

	<u>For the years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Funds under managed by fellow subsidiary		
Funds under managed by Yuanta Securities		
Investment Trust	<u>\$ 41,525</u>	<u>\$ 12,980</u>

W. Other operating expenses

(A) Professional fee

The transaction details of Group's professional fee from investment strategies and recommendations provided by related parties are as follows:

	For the years ended December 31,	
	2019	2018
Fellow subsidiary		
Yuanta Securities Investment Consulting	\$ 185,242	\$ 188,784

Professional fee are calculated based on contractual agreements by both parties.

(B) ETF redemption fees

	For the years ended December 31,	
	2019	2018
Fellow subsidiary		
Yuanta Securities Investment Trust	\$ 31,467	\$ 21,472
Funds under managed by fellow subsidiary		
Funds under managed by Yuanta Securities Investment Trust	91,941	52,969
	\$ 123,408	\$ 74,441

(C) Fund underwriting commission expense:

	For the years ended December 31,	
	2019	2018
Other related parties		
Yuanta SPAC III	\$ -	\$ 4,110
Yuanta SPAC IV	3,981	-
Yuanta SPAC V	5,202	-
Yuanta SPAC VI	6,038	-
	\$ 15,221	\$ 4,110

(D) Insurance expense

	Prepaid insurance expense	
	December 31, 2019	December 31, 2018
Fellow subsidiary		
Yuanta life	\$ 13,958	\$ 11,180
	Insurance expense	
	For the years ended December 31,	
	2019	2018
Fellow subsidiary		
Yuanta life	\$ 21,422	\$ 8,222

X. Non-operating income

(A) Rental income

Rental income from leasing the Group's own assets to related parties are as follows:

	For the years ended December 31,	
	2019	2018
Parent company		
Yuanta Financial Holdings	\$ 29,432	\$ 29,432
Fellow subsidiary		
Yuanta Bank	31,512	34,990
Yuanta Futures	20,671	20,647
Others	17,020	18,241
Other related parties		
Others	2,765	2,857
	<u>\$ 101,400</u>	<u>\$ 106,167</u>

Rents consider rents of nearby office buildings and are calculated based on contractual agreements by both parties.

(B) Rebate income

The rebate income received from related parties for using the Group's facilities (rebate income is shown as "other gains and losses"; rebate receivable to be collected is shown as "other receivables") is as follows:

	Rebate receivable	
	December 31, 2019	December 31, 2018
Fellow subsidiary		
Yuanta Bank	<u>\$ 9,414</u>	<u>\$ 7,237</u>
	Rebate income	
	For the years ended December 31,	
	2019	2018
Fellow subsidiary		
Yuanta Bank	<u>\$ 114,449</u>	<u>\$ 105,602</u>

Y. Holding the funds and beneficiary certificates under managed by fellow subsidiary

	<u>December 31, 2019</u>	<u>December 31, 2018</u>		
Funds under managed by fellow subsidiary				
Funds under managed by Yuanta				
Securities Investment Trust	<u>\$ 3,659,259</u>	<u>\$ 2,696,840</u>		
	<u>For the years ended December 31,</u>			
	<u>2019</u>	<u>2018</u>		
	<u>Unrealized gain</u>	<u>Realized gain</u>	<u>Unrealized loss</u>	<u>Realized gain</u>
Funds under managed by fellow subsidiary				
Funds under managed by Yuanta				
Securities Investment Trust	\$ 50,409	\$ 1,843,544	(\$ 79,878)	\$ 243,605

Z. Holding the marketable securities issued by related parties

	Ending balance			
	December 31, 2019		December 31, 2018	
Other related parties				
Sintronic Technology	\$	-	\$	151,345
	For the years ended December 31,			
	2019		2018	
	Unrealized gain	Realized loss	Unrealized loss	Realized gain (loss)
Parent company				
Yuanta Financial Holdings	\$	- (\$	93)	\$ - (\$ 16)
Other related parties				
Sintronic Technology	1,510	(	98)	(11,349) (962)
Mercuries Life Insurance	-	-	-	186
	\$ 1,510	(\$ 191)	(\$ 11,349)	(\$ 792)

AA. Credit transactions

	December 31, 2019		
	Guarantee deposit received from short sales	Deposit payable for short sales	Margin loans
Key management personnel			
Others	\$ 3,811	\$ 21,668	\$ 37,216
Other related parties			
Others	2,355	27,940	39,376
	\$ 6,166	\$ 49,608	\$ 76,592
	December 31, 2018		
	Guarantee deposit received from short sales	Deposit payable for short sales	Margin loans
Key management personnel			
Others	\$ 8,217	\$ 36,859	\$ 30,010
Other related parties			
Others	8,298	9,765	31,995
	\$ 16,515	\$ 46,624	\$ 62,005

	December 31, 2019		December 31, 2018	
	Financing interest payable	Financing interest receivable	Financing interest payable	Financing interest receivable
Key management personnel				
Others	\$ 13	\$ 426	\$ -	\$ 667
Other related parties				
Others	8	509	1	603
	<u>\$ 21</u>	<u>\$ 935</u>	<u>\$ 1</u>	<u>\$ 1,270</u>
For the years ended December 31,				
	2019		2018	
	Financial costs on short sales	Interest income on margin loans	Financial costs on short sales	Interest income on margin loans
Fellow subsidiary				
Yuanta Futures	\$ -	\$ -	\$ 3	\$ -
Key management personnel				
Others	23	992	1	2,100
Other related parties				
Others	21	751	2	1,246
	<u>\$ 44</u>	<u>\$ 1,743</u>	<u>\$ 6</u>	<u>\$ 3,346</u>

BB. Donation

The donations made to related parties by the Group for the years ended December 31, 2019 and 2018, are recorded in operating expenses - donation and are as follows:

	For the years ended December 31,	
	2019	2018
Other related parties		
Yuanta Foundation	\$ 27,900	\$ 29,700
Yuanta-Polaris Research	12,370	9,430
	<u>\$ 40,270</u>	<u>\$ 39,130</u>

CC. Others

(A) As of December 31, 2019 and 2018, the credit facilities granted by fellow subsidiary - Yuanta Bank with land and buildings as collateral were \$10,000,000 and \$4,600,000, respectively. The carrying amounts of land and buildings amounted to \$3,604,542 and \$3,642,426, respectively. Details of the pledged assets are provided in Note 8.

(B) The fund management fee derived from the funds managed by the Group and the balances of funds held by the Group are as follows:

		Fund management fee	
		For the years ended December 31,	
		2019	2018
Other related parties			
	Global Growth Investment, L.P.	(\$ 15,123)	\$ 9,217
	Yuanta Asia Growth Investment, L.P.	4,573	-
	Yuanta Diamond Funds SPC	42,127	24,381
(1)		<u>\$ 31,577</u>	<u>\$ 33,598</u>

		The balances of funds	
		December 31, 2019	December 31, 2018
Other related parties			
	Global Growth Investment, L.P.	\$ 70,954	\$ 89,063
	Yuanta Diamond Funds SPC	105,045	336,694
	Yuanta Asia Growth Investment, L.P.	35,904	-
(2)		<u>\$ 211,903</u>	<u>\$ 425,757</u>

(C) Details on the management fee receivable for fund investments accounted for under the equity method and receipts of fund management fee are as follows:

		Fund management fee receivable	
		December 31, 2019	December 31, 2018
Other related parties			
	Yuanta Secondary No.2 Fund	\$ 18,162	\$ -
	Yuanta Secondary No.3 Private Equity Fund	34,739	533
	IBKC-TONGYANG Growth 2013 Private Equity fund	2,801	7,483
	TONGYANG AGRI-FOOD INVESTMENT FUND II	4,689	5,594
	KVIC-Yuanta 2015 Overseas Fund	14,030	8,173
	Others	2,212	-
		<u>\$ 76,633</u>	<u>\$ 21,783</u>

		Fund management fee	
		For the years ended December 31,	
		2019	2018
Other related parties			
	Yuanta Secondary No.2 Fund	\$ 25,799	\$ 34,363
	Yuanta Secondary No.3 Private Equity Fund	46,978	532
	IBKC-TONGYANG Growth 2013 Private Equity	11,497	7,457
	TONGYANG AGRI-FOOD INVESTMENT FUND II	4,777	5,574
	KVIC-Yuanta 2015 Overseas Fund	14,295	18,224
	2016 KIF-Yuanta ICT Fund	15,657	16,442
	Others	8,702	11,691
(3)		<u>\$ 127,705</u>	<u>\$ 94,283</u>

(4) Key management personnel compensation

	For the years ended December 31,	
	2019	2018
Salaries and other short-term employee benefits	\$ 2,630,432	\$ 2,317,738
Post-employment benefits	91,898	139,828
Other long-term employee benefits	788	645
Termination benefits	7,120	1,812
	<u>\$ 2,730,238</u>	<u>\$ 2,460,023</u>

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

	December 31, 2019	December 31, 2018	Collateral purpose
Other current assets:			
Pledged time deposits	\$ 2,269,764	\$ 2,289,347	Collateral for settlement limit, short-term loans, commercial paper payable and OTC derivative transactions
Operating guarantee deposits	1,030,562	1,132,143	Operating guarantee deposits-HKEx, Structured notes and interest swap account
Restricted checking deposits	17,744	19,633	Dividends to be paid for transfer-agent services
Restricted demand deposits	336,746	126,081	Underwriting securities and securities lending guarantee, Dividends to be paid for agent of stock affairs and Overdraft guarantee deposits
Financial assets at fair value through profit or loss - current:			
Trading securities - dealing segment (Par value)	140,715,358	167,971,825	Bonds under repurchase agreement, operating guarantee deposits and futures trading margin, collateral for securities lending and OTC trading
Reserve for deposits – KSFC	61,372,357	67,861,557	Brokerage business
Financial assets at fair value through other comprehensive income - current	60,033,914	32,770,168	Bonds under repurchase agreement, operating guarantee deposits, OTC performance bonds and guarantees on asset disposal
Financial assets at fair value through profit or loss - non-current	51,932	51,914	Guarantee deposits for notes
Financial assets at fair value through other comprehensive income - non-current	3,260,211	2,980,099	Claim reserve from trust fund, collateral for securities lending business and guarantees on asset disposal
Financial assets measured at amortised cost - current	50,023	-	Operating guarantee deposits and claim reserve from trust fund
Financial assets measured at amortised cost - non-current	55,103	106,357	Operating guarantee deposits, stock borrowings and deposits for guarantees in the Central Bank
Property and equipment and investment properties	6,819,597	7,266,774	Collateral for settlement limit, short-term loans, mortgage loans and leases
Other non-current assets			
Operating guarantee deposits	1,338,115	987,990	Operating guarantee deposits
Refundable deposits	1,656,674	1,624,285	Performance bond and rental deposit, stock borrowings and deposits for guarantees in the Central Bank
Treasury stock of Yuanta Securities (Korea)	514,969	595,815	Collateral for securities lending business

9. SIGNIFICANT COMMITMENTS AND CONTINGENT LIABILITIES

(1) As of December 31, 2019, the amount for the contracts of property and equipment signed by the Group is \$329,043. Based on the contracts, the amount that was paid is \$147,876 and the amount that was not yet paid is \$181,167.

(2) Operating leases

(4) Prior to 2019

(5) The future aggregate minimum lease payments receivable under non-cancellable operating leases are as follows:

	<u>December 31, 2018</u>
Not more than one year	\$ 176,664
More than one year but not more than five years	136,114
Total	<u>\$ 312,778</u>

As of December 31, 2018, the Group has leases on the branch's office premises under non-cancellable operating lease agreements. The lease terms are between 1 and 10 years, and all these lease agreements are renewable according to the market rates at the end of the lease period.

	<u>December 31, 2018</u>
Not more than one year	\$ 833,650
More than one year but not more than five years	1,886,676
More than five years	1,190,638
Total	<u>\$ 3,910,964</u>

(3) Settlements under proxies

(6) The Company had entered into several settlement proxy agreements with certain securities companies under which such companies agree to, if TWSE so directs, promptly act as the proxy of the Company to fulfill the Company's settlement obligations in the Company's name where the Company fails to fulfill its settlement obligations to TWSE. In this regard, the Company also agrees to act as the settlement proxy for certain securities companies in the same manner.

(4) Other litigations

A. Due to Polaris Securities Co., Ltd., the dissolved company under the merger, having disputes with customers on trading of stocks, customers demanded Yuanta Securities, the surviving company under the merger, bear joint responsibility for compensations as the employer. Originally, on June 25, 2013, the claimed compensations was \$25,718. From then on, the claims increased to \$40,310 on June 30, 2015 and reduced to \$39,769 on August 12, 2015. On October 21, 2016, the Taiwan Taipei District Court adjudicated to dismiss the lawsuit brought forth by the plaintiffs (i.e. Yuanta Securities obtained a favorable decision in the case). However, the clients have filed an appeal, and on May 8, 2019, the Taiwan High Court adjudicated Yuanta Securities to pay compensations amounting to \$25,787 due to its joint responsibility and Yuanta Securities has appointed lawyers to appeal the case.

B. With respect to the land and parking space sales dispute, Seventh-Day Adventist Church and Taiwan Adventist Hospital initiated a mediation procedure against Yuanta Securities and the other party. On January 17, 2018, the claim amount therein was raised to \$952,511 (of which \$950,861 was subject to joint liability). The mediation was declared failed by the Taiwan Taipei District Court. On July 11, 2018, Seventh-Day Adventist Church and Taiwan Adventist Hospital initiated another suit for the same case and claimed the same amount. The case is currently under the judicial proceedings of the Taiwan Taipei District Court. Yuanta Securities has retained lawyers to handle the case.

C. As of December 31, 2019, of the total 13 litigations against Yuanta Securities (Korea) and its subsidiaries, 3 litigations were related to disputes on sales of financial instruments of former TongYang Securities

Inc. (please refer to the explanation in Note 6(31)). The remaining 10 litigations were unrelated to the aforementioned dispute with claimed compensations totaling ₩1,149,270 million (approximately NT\$29.9 billion) among which Anbang Group Holdings Co., Ltd. and Anbang Life Insurance Co., Ltd. (collectively, “Anbang”) filed an arbitration counterclaim against Yuanta Securities (Korea) and other four sellers. The original claimed amount was ₩698,000 million (approximately NT\$18.1 billion). Thereafter, Anbang had made several changes to its claim amount and the latest amount claimed in its filing was ₩1,143,200 million (approximately NT\$29.8 billion). Because Yuanta Securities (Korea) denied the charge, the arbitration will proceed in accordance with the arbitration rules. As of December 31, 2019, the provisions for the remaining litigations was ₩1,398 million (approximately NT\$36 million). In addition, there were 10 litigations where Yuanta Securities acted as the plaintiff with a total claimed amount of ₩55,485 million (approximately NT\$1,450 million).

D. Due to the fraudulent act committed by a former employee of KKTrade Securities Co., Ltd. as alleged, the affected clients filed a civil lawsuit against Yuanta Securities (Thailand) and the former employee for joint liability to pay the compensations of ฿301 million (approximately NT\$304 million). In August 2017, Yuanta Securities (Thailand) received a civil complaint of the lawsuit. As part of the claimed amount was not remitted to the account of former KKTrade Securities Co., Ltd., but rather directly remitted to the former employee’s private account from the plaintiffs, the liability thereof is denied by Yuanta Securities (Thailand). The legal proceedings are still ongoing.

E. As of December 31, 2019, Yuanta Securities (Hong Kong)’s receivables from margin loans amounted to HK\$147,504 thousand (approximately NT\$570 million), which were secured by listed securities that were suspended for trading. These margin clients were served by an account executive who entered into a guarantee agreement with Yuanta Securities (Hong Kong) (the “Guarantee Agreement”) under which the account executive agreed to guarantee all losses of Yuanta Securities (Hong Kong) in relation to the accounts of these margin clients. As a result of Yuanta Securities (Hong Kong) has exercised its right of set-off under the Guarantee Agreement and transferred HK\$68,552 thousand (approximately NT\$270 million) from the account executive’s assets and the first repayment distributed by the liquidator amounted to HK\$44 thousand (approximately NT\$170 thousand), the remaining loss of HK\$78,908 thousand (approximately NT\$310 million) has been recognized. Yuanta Securities (Hong Kong) has raised a litigation proceeding against the account executive for the full amount of the debt from those margin clients. Yet an award of compensations in the amount of HK\$135,191 thousand (approximately NT\$520 million) was claimed for the case including the interest calculated as of the date of filing the lawsuit. The account executive has claimed that she has no liability for all losses in relation to the accounts of these margin clients. The legal proceedings are still ongoing. As at the date of the approval of the financial statements, Yuanta Securities (Hong Kong) has considered the external legal advice, and deemed that no provision in relation to the defense by the above account executive is necessary.

(5) As at December 31, 2019, Yuanta Securities (Korea) has entered into bonds purchase agreement at a limit of ₩250 billion (approximately NT\$6,513 million) with Pospower Co., Ltd. and provided performance guarantee in relation to lease fund with total limit of ₩100 million (approximately NT\$2.61 million) for IGIS Professional Private Real Estate Investment Trust.

(6) As of December 31, 2019 and 2018, the stocks entrusted to Yuanta Securities Finance for custody by clients were both 7,483 thousand shares. The market value of these entrusted stocks on the reference dates was approximately \$77,479 and \$77,070, respectively.

10. SIGNIFICANT LOSS FROM NATURAL DISASTER

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

On February 27, 2020, the Board of Directors resolved to dispose of all shares of Yuanta Asset Management held by Yuanta Sekuritas (Indonesia) and Yuanta Securities (Hong Kong), respectively. This case will be implemented after approval by the competent authority.

12. OTHERS - FINANCIAL RISK MANAGEMENT

(1) Risk management system

A. Risk management objective

The Group controls any potential losses that might be incurred 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 overall 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 overall risk management system is based on the "Risk Management Policy" as the guiding principle. The "Risk Management Policy" clearly specifies the important risk management items, including risk management objectives, scope, organizational responsibility and accountability, system framework, monitoring and reporting processes, etc.

The main operating risks faced by the Group include market risk, credit risk, liquidity risk, operational risk, legal risk, etc. In order to ensure the Group can operate in a sound environment, develop the business positively, the Group has developed complete risk management policies and mechanisms to effectively identify, measure, monitor, report and disclose the operational risks and ongoing commitment to enhance the integrity of the risk management mechanism to closely monitor the overall risk status, and to ensure the compliance with the Group's overall risk management policy specifications.

C. Organizational structure of risk management

- (A) The Board of Directors is the Group's highest risk management unit, responsible for approving the Group's risk management policies, setting the risk management system and annual risk limits, and supervising the implementation of the risk management system.
- (B) The Board of Directors set up an "Audit Committee", composed of independent directors, to assist the Board of Directors in carrying out its risk management duties. The primary duties of the committee are reviewing risk management policies, reviewing significant components of the risk management system, reviewing annual risk limits, and assisting in the supervision of the implementation of the risk management system.
- (C) Senior management reviews all the risks involved in the various operating activities of the group, monitors the practice of risk management procedures, and ensures that the risk management system of a company can be completely and effectively executed.
- (D) The Risk Management Department is an independent department that reports to the Board of Directors and implements risk management procedures. The department is responsible for designing the risk management system, developing effective methods of risk measurement, building the IT infrastructure for risk management, monitoring and analyzing risk, and providing reports and forewarnings of significant risks.
- (E) The Compliance Affairs Department is responsible for monitoring and controlling compliance risk, ensuring that all business operations carried out by each unit and the compliance risk management system comply with relevant regulations, and assisting in the assessment of possible compliance risk in various business operations.
- (F) The Legal Affairs Department is responsible for monitoring and controlling legal risk and assisting in the assessment of possible legal risk in various business operations, legal documents, and contracts.
- (G) Business units: Before carrying out any business operation, all business units will perform a comprehensive review of the various risk management protocols and ensure that all such protocols are followed.

D. Procedures of risk management

The Group's risk management process includes risk identification, risk assessment and measurement, and risk monitoring and management. The risk management department periodically provides various risk reports to all levels of management, ensuring that they can keep track of the changes in the various risks faced by the Group in a timely, complete, and in-depth manner.

(A) Market risk management

Market risk refers to the risk of loss due to changes in market prices, volatility, or correlation. Market prices include indices, stock prices, interest rates, exchange rates, and product or credit risk premiums. Market risk management includes setting effective warning indicators of risk and setting various risk limits and quantified risk values according to the risk tolerance of the Group, for the purpose of precise measurement of potential losses and effective monitoring and controlling of market risk. In our Value at Risk (VaR) model, we measure the maximum potential loss in one day

with a 99% confidence level as a benchmark for market risk.

(B) Credit risk management

Credit risk arises from the possibility of breach of contract, declaration of bankruptcy, or liquidation by bond or note issuers, debtors, counterparties, guarantors, or custodians, representing the risk of loss from debtors who do not make payments or guarantors who do not fulfill their obligations under agreed upon terms. For the purposes of integrating credit risk exposure and monitoring changes in credit risk exposure, and in addition to the implementation of credit risk categorization according to internal credit rating systems, the Group established a credit warning mechanism and reporting process, which improved the timeliness of responses to credit events. Moreover, in order to improve the monitoring and controlling of risk concentration, an information system for the management of large risk exposures was created, which covers credit risk from investment transactions, provides summary information and analyses of credit risk by issuer and counterparty, and monitors the overall credit risk exposure.

(C) Liquidity risk management

In order to reasonably manage funding issues and lower liquidity risk, the Group has set risk indicators, such as financial ratios, period-specific liquidity risk limits, concentration of funding sources, and potential capital, to measure the flexibility and availability of funding. Meanwhile, the Group combines the volatility risks of both capital supply and capital demand, and evaluates the volatility risk of fund gaps in each time period to reasonably and effectively arrange the source and utilization of capital, and further reduce pressure of unexpected fund demand.

E. Hedging and risk diminishing strategies

The Group has established risk limits, hedging instruments and hedging mechanisms based on its capital scale and risk tolerating capability. Through hedging mechanisms, the Group may control 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.

(2) Credit risk analysis

The Group is exposed to credit risks from 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 the counterparty of the financial instrument transaction undertaken by the Group fails to fulfill settlement or payment obligation on the appointed date, 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.

D. The information of each asset's credit risk

(A) Cash and cash equivalents: Counterparties are mainly local financial institutions and in the Asia area (others).

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

Mainly includes the disclosure of financial assets at fair value through profit or loss (including non-current), excluding equity position.

a. Debt instruments

Debt instruments include, but are not limited to, bonds, convertible (exchangeable) corporate bonds and bond funds (including money market instruments). The issuer (or guarantee) are mostly domestic and Asian financial institutions. About 13% of the above-mentioned debt instruments are issued by governmental institutions, guaranteed by governmental institutions or guaranteed by financial institutions. Convertible (exchangeable) corporate bonds mostly transfer risk by asset swap transactions, issuing credit linked notes and guarantees from banks which approximate 36%

of the convertible (exchangeable) corporate bonds. As a result, credit risk on debt securities have been effectively controlled.

b. Derivative financial instruments - OTC

Before entering into OTC (Over-the-Counter) derivative financial instruments transactions, all transactions must have signed ISDA contracts with the counterparty and use Close-out Netting and Credit Support Annex (CSA) and other mechanisms to effectively reduce counterparty credit risk. Futures and options trading in the OTC market are conducted primarily through orders placed by futures commission merchants acting as agents or settlement and clearing services provided by futures commission merchants who are clearing members. Counterparties are financial institutions with excellent credit located all around the globe.

(C) Investment in bonds under reverse repurchase agreements

The counterparties engaged in the transaction of bonds under reverse repurchase agreement are mainly local financial institutions and in the Asia area (others). The amount of the counterparty's exposure to credit risk could be decreased effectively since the Group holds bonds under reverse repurchase agreement as collateral consistently.

(D) Customer margin accounts

The exclusive account used for customers' guarantee deposits is mainly deposited in a bank with excellent credit.

(E) Deposits on securities borrowed

Deposits on securities borrowed mainly include the disclosure of amount for receivables from security lending and deposits on securities borrowed.

The Group should deposit guarantee deposits in the account designated by the counterparty when borrowing securities from the holding party. However, the amount of counterparty's exposure to credit risk could be decreased effectively since the Group borrows securities as collateral consistently.

(F) Receivables

Receivables include guaranteed proceeds receivable from refinancing, receivable of securities business money lending, futures margins receivable, notes receivable, accounts receivable (including related parties), other receivables (including related parties), overdue receivables, receivables from margin loans. Credit risk mainly arises from receivables originated from brokerage, consignment trading, and credit transactions. As the majority of clients of aforesaid businesses are domestic individuals, credit risk of such receivables are mainly from domestic and Asian individuals.

(G) Other current assets (include other financial assets - current)

Primarily consists of other financial assets-current and other current assets. Other financial assets-current arise from the Group's financing business, which requires collateral provided by the client or a third party. Clients of our financing business are distributed across different industries. As of December 31, 2019, secured financing accounted for 78.47% of total financing. Other current assets primarily consist of cash that is restricted, amounts held for settlement, or collected as part of an underwriting transaction. The majority of this type of current asset is deposited with financial institutions located in Taiwan, Hong Kong, and other countries in Asia.

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

Mainly includes financial assets at fair value through other comprehensive income (including non-current items), but excluding financial assets with equity characteristics. These assets primarily consist of central government bonds attributed to restricted assets that had been pledged and positions in domestic and foreign bonds held for the purpose of long-term investment. Approximately 11% of the above-mentioned financial assets are issued by governmental institutions, guaranteed by governmental institutions or guaranteed by financial institutions as of December 31, 2019. Currently, credit risk has been effectively controlled.

(I) Financial assets measured at amortised cost

Primarily consists of accounts such as financial assets measured at amortised cost (including non-current assets), with major exposure to bonds that are held to maturity.

(J) Other non-current assets

Other non-current assets are mainly operating guarantee deposits, settlement and clearing fund and

refundable deposits. Because there are many counterparties that the Group deposits refundable deposit to and each refundable deposit is not significant, credit risk had been spread entirely and decreased effectively.

E. Expected credit losses calculation

Impairment assessment is based on the calculation of expected credit losses, taking into account reliable and supportable information about past events, current conditions and assessments of future economic conditions, which is available without undue cost or effort, including forecastable information. The Group determines at the balance sheet date whether there has been a significant increase in credit risk since initial recognition or whether credit impairment has occurred, and recognizes expected credit losses according to which stage the asset belongs: no significant increase in credit risk or low credit risk at balance sheet date (Stage 1), significant increase in credit risk (Stage 2), and credit-impaired (Stage 3). 12-month expected credit losses are recognized for assets in Stage 1, and lifetime expected credit losses are recognized for assets in Stage 2 and Stage 3.

The definition of and expected credit losses recognized for each stage are as follows:

	Stage 1	Stage 2	Stage 3
Definition	Financial assets with no significant increase in credit risk since initial recognition or low credit risk on balance sheet date.	Financial assets with significant increase in credit risk since initial recognition.	Financial assets that became credit-impaired after initial recognition.
Recognition of expected credit losses	12-month expected credit losses are recognized	Lifetime expected credit losses are recognized	Lifetime expected credit losses are recognized

The Group uses the following key judgments and assumptions when estimating expected credit losses in accordance with IFRS 9:

(A) Determining whether there has been a significant increase in credit risk since initial recognition

At every balance sheet date, the Group assess the change in default risk over the lifetime of each financial asset to determine whether there has been a significant increase in credit risk since initial recognition.

a. At the balance sheet date, a debt instrument is considered to have significant increase in credit risk when both the internal and external credit ratings of the credit reference subject are of non-investment grade and any one of the following conditions is met:

(a) The internal and external ratings of the credit reference subject have dropped by more than one scale since initial recognition.

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

b. The receivables (receivables from margin loans, receivable of securities business money lending, accounts receivable, other receivables, and other non-current assets - overdue receivables) are overdue by a number of days that exceeds the threshold specified in the payment terms; or the number of days past due does not exceed the specified threshold but other terms of the contract have been violated.

c. The deposit type is not attributed to special contractual reasons and is overdue, but the number of days overdue does not exceed the specified threshold.

(B) Definitions of credit-impaired financial assets

a. A debt instrument held by the Group is considered credit-impaired if it satisfies any one of the following conditions:

(a) Debt instrument was already credit-impaired at the time of acquisition.

(b) At the financial reporting date, the credit rating of debt instrument is "in default".

(c) Principal or interest payments are not made in accordance with the terms of issuance.

(d) Due to credit conditions, the issuer alters the terms of issuance, delaying or not making interest

payments.

(e) The issuer or guarantor has ceased operations, filed for reorganization, bankruptcy, or dissolution, or sold off assets that are critical to the entity's operations.

b. The receivables (receivables from margin loans, receivable of securities business money lending, accounts receivable, other receivables, and other non-current assets - overdue receivables) have delayed principal or interest payments or the number of days overdue have exceeded the specified number at the financial reporting date. These assets are reclassified as non-accrual loans, or allowance for credit losses is recognized.

c. The guarantee deposit has not been returned at maturity, and the number of past-due days is in line with the days recorded in the contract.

(C) Measurement of expected credit losses

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

a. Probability of default: This is calculated using the probability of default tables published by external credit rating agencies, and then adjusted according to forward-looking information.

b. Loss given default: This is calculated based on guarantees on and seniority of the debt instrument, taking into account the average recovery rate disclosed by external credit rating agencies; or set in accordance with relevant regulations such as those issued by the competent authority or the Basel III framework.

c. Exposure at default: The total carrying amount (including interest receivable), which is measured at amortised cost before any adjustment to allowance for credit losses.

(D) Consideration of forward-looking information

Based on historical loss data, the Group examine past and current economic conditions and determine whether the overall economic environment will significantly change in the future, and adjust the estimates of future loss rates accordingly. If significant defaults occur in the current year, include the rate of actual incurred losses for the year in the calculation of future loss rates.

F. Changes to the Group's allowance for credit losses

(A) The expected credit losses on certain accounts receivable of the Group are assessed using the simplified approach. These losses are estimated based on the assessment of historical data, examination of past and current economic conditions, and determining whether the overall economic environment will significantly change in the future. As of December 31, 2019 and 2018, the gross carrying amount was \$31,721,372 and \$24,858,008 with an allowance for credit losses of \$1,299 and \$10,214 based on expected credit losses estimated by the aforementioned approach. For the years ended December 31, 2019 and 2018, the movements in the allowance for credit losses of accounts receivable estimated using the simplified approach are summarized as follows:

	For the years ended December 31,	
	2019	2018
At January 1	(\$ 10,214)	(\$ 8,086)
Reversal of impairment(Provision for impairment)	8,915	(2,128)
December 31	(\$ 1,299)	(\$ 10,214)

(B) As of December 31, 2019 and 2018, the allowance for credit losses for receivables of the Group is not covered in (A) above (including receivables from margin loans, receivable of securities business money lending, notes receivable, accounts receivable, other receivables, other current assets, other non-current assets - overdue receivables, and refundable deposits, etc.) was \$1,861,817 and \$1,566,006 estimated using the expected credit loss model stated in IFRS 9. For the years ended December 31, 2019 and 2018, the movements in the allowance for credit losses of the aforementioned assets are summarized as follows:

For the year ended December 31, 2019				
	12 months	Lifetime		Total
		Significant increase in credit risk	Impairment of credit	
At January 1	(\$ 203,193)	(\$ 35,924)	(\$ 1,326,889)	(\$ 1,566,006)
Transfer and measurement stages	15,965	(14,569)	(\$ 1,396)	-
(Provision for impairment)				
reversal of impairment	(57,542)	(50,632)	(246,879)	(355,053)
Write-offs	-	-	29,553	29,553
Effect of foreign exchange	1,298	3,099	26,429	30,826
Others	-	-	(1,137)	(1,137)
December 31	<u>(\$ 243,472)</u>	<u>(\$ 98,026)</u>	<u>(\$ 1,520,319)</u>	<u>(\$ 1,861,817)</u>
The gross carrying amount	<u>\$ 113,377,572</u>	<u>\$ 731,177</u>	<u>\$ 1,969,282</u>	<u>\$ 116,078,031</u>
For the year ended December 31, 2018				
	12 months	Lifetime		Total
		Significant increase in credit risk	Impairment of credit	
At January 1	(\$ 241,987)	(\$ 38,809)	(\$ 1,198,023)	(\$ 1,478,819)
Transfer and measurement stages	35	(33)	(2)	-
(Provision for impairment)				
reversal of impairment	41,340	2,353	(143,183)	(99,490)
Write-offs	-	-	18,890	18,890
Effect of foreign exchange	(2,581)	565	(4,409)	(6,425)
Others	-	-	(162)	(162)
December 31	<u>(\$ 203,193)</u>	<u>(\$ 35,924)</u>	<u>(\$ 1,326,889)</u>	<u>(\$ 1,566,006)</u>
The gross carrying amount	<u>\$ 105,112,967</u>	<u>\$ 1,456,639</u>	<u>\$ 1,583,506</u>	<u>\$ 108,153,112</u>

There was no material change to the gross carrying amount of the aforementioned receivables.

(C) Movements in the allowance for credit losses of other financial assets - loan of the Group for the years ended December 31, 2019 and 2018 are as follows:

	For the year ended December 31, 2019			
	Lifetime			
	12 months	Significant increase in credit risk	Impairment of credit	Total
At January 1	(\$ 117,940)	(\$ 4,346)	(\$ 1,521,607)	(\$ 1,643,893)
Transfer and measurement stages	52,846	(47,276)	(5,570)	-
Reversal of impairment	39,102	4,711	133,604	177,417
Purchased or originated financial assets	(108,294)	-	-	(108,294)
Write-offs	(2,139)	-	(902)	(3,041)
Effect of foreign exchange	6,624	1,016	76,756	84,396
December 31	(\$ 129,801)	(\$ 45,895)	(\$ 1,317,719)	(\$ 1,493,415)
The gross carrying amount	\$ 16,640,417	\$ 2,588,232	\$ 1,715,539	\$ 20,944,188

The impact on the allowance for credit losses of other financial assets - loans, resulting from the material change to the gross carrying amount of the aforementioned asset for the year ended December 31, 2019 is summarized as follows:

- For the loan measured on a 12-month basis, \$8,141,840 of the gross carrying amount was repaid, therefore a reversal of impairment amounting to \$39,102 was recognized.
- For the loan measured on a 12-month basis, the gross carrying amount was increased by \$11,359,727, therefore an impairment loss of \$108,294 was recognized.

	For the year ended December 31, 2018			
	Lifetime			
	12 months	Significant increase in credit risk	Impairment of credit	Total
At January 1	(\$ 61,914)	(\$ 6,330)	(\$ 1,600,490)	(\$ 1,668,734)
Reversal for impairment	35,581	2,116	55,233	92,930
Purchased or originated financial assets	(94,322)	-	(16)	(94,338)
Weite-offs	-	-	3,529	3,529
Effect of foreign exchange	2,715	(132)	20,137	22,720
December 31	<u>(\$ 117,940)</u>	<u>(\$ 4,346)</u>	<u>(\$ 1,521,607)</u>	<u>(\$ 1,643,893)</u>
The gross carrying amount	\$ 16,900,176	\$ 58,025	\$ 2,200,022	\$ 19,158,223

The impact on the allowance for credit losses of other financial assets - loans, resulting from the material change to the gross carrying amount of the aforementioned asset for the year ended December 31, 2018 is summarized as follows:

- For the loan measured on a 12-month basis, \$8,678,293 of the gross carrying amount was repaid, therefore a reversal of impairment amounting to \$35,581 was recognized.
- For the loan measured on a 12-month basis, the gross carrying amount was increased by \$12,278,257, therefore an impairment loss of \$94,322 was recognized.

(D) Movements in allowance for credit losses for investments in debt instruments at fair value through other comprehensive income of the Group are as follows:

For the year ended December 31, 2019				
	Lifetime			
	Significant increase		Impairment of	Total
	12 months	in credit risk		
At January 1	(\$ 45,402)	\$ -	(\$ 893)	(\$ 46,295)
Provision for impairment	(19,676)	-	-	(19,676)
Reversal of impairment	1,432	-	-	1,432
Derecognized	15,768	-	-	15,768
Effect of foreign exchange	(874)	-	44	(830)
December 31	<u>(\$ 48,752)</u>	<u>\$ -</u>	<u>(\$ 849)</u>	<u>(\$ 49,601)</u>

The impact on the allowance for credit losses of debt instruments at fair value through other comprehensive income, resulting from the material change to the gross carrying amount of the aforementioned asset for the year ended December 31, 2019 is summarized as follows:

- For the debt instruments measured on a 12-month basis, the gross carrying amount was increased by \$64,131,653 due to acquisitions, therefore an impairment loss of \$19,676 was recognized.
- For the debt instruments measured on a 12-month basis, the gross carrying amount was reduced by \$61,047,029 due to derecognitions, therefore a reversal of impairment amounting to \$15,768 was recognized.

For the year ended December 31, 2018				
	Lifetime			
	Significant increase		Impairment of	Total
	12 months	in credit risk		
At January 1	(\$ 61,536)	\$ -	\$ -	(\$ 61,536)
Transfer and measurement stages	893	-	(893)	-
Provision for impairment	(15,068)	-	-	(15,068)
Reversal of impairment	2,031	-	-	2,031
Derecognized	23,779	-	-	23,779
Effect of foreign exchange	4,499	-	-	4,499
December 31	<u>(\$ 45,402)</u>	<u>\$ -</u>	<u>(\$ 893)</u>	<u>(\$ 46,295)</u>

The impact on the allowance for credit losses of debt instruments at fair value through other comprehensive income, resulting from the material change to the gross carrying amount of the aforementioned asset for the year ended December 31, 2018 is summarized as follows:

- For the debt instruments measured on a 12-month basis, the gross carrying amount was increased by \$44,109,932 due to acquisitions, therefore an impairment loss of \$15,068 was recognized.
- For the debt instruments measured on a 12-month basis, the gross carrying amount was reduced by \$49,732,854 due to derecognitions, therefore a reversal of impairment amounting to \$23,779 was recognized.

- (E) Movements in allowance for credit losses for investments in debt instruments measured at amortised cost of the Group are as follows:

For the year ended December 31, 2019				
	12 months	Lifetime		Total
		Significant increase in credit risk	Impairment of credit	
At January 1	(\$ 3,282)	\$ -	\$ -	(\$ 3,282)
Provision for impairment	(3,388)	-	-	(3,388)
Derecognized	3,412	-	-	3,412
Effect of foreign exchange	(174)	-	-	(174)
December 31	<u>(\$ 3,432)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 3,432)</u>

The impact on the allowance for credit losses of debt instruments measured at amortised cost, resulting from the material change to the gross carrying amount of the aforementioned asset for the year ended December 31, 2019 is summarized as follows:

- For the debt instruments measured on a 12-month basis, the gross carrying amount was increased by \$5,930,280 due to acquisitions, therefore an impairment of \$3,388 was recognized.
- For the debt instruments measured on a 12-month basis, the gross carrying amount was reduced by \$5,795,606 due to derecognitions, therefore a reversal of impairment amounting to \$3,412 was recognized.

For the year ended December 31, 2018				
	12 months	Lifetime		Total
		Significant increase in credit risk	Impairment of credit	
At January 1	(\$ 3,066)	\$ -	\$ -	(\$ 3,066)
Provision for impairment	(3,228)	-	-	(3,228)
Derecognized	3,085	-	-	3,085
Effect of foreign exchange	(73)	-	-	(73)
December 31	<u>(\$ 3,282)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 3,282)</u>

The impact on the allowance for credit losses of debt instruments measured at amortised cost, resulting from the material change to the gross carrying amount of the aforementioned asset for the year ended December 31, 2018 is summarized as follows:

- For the debt instruments measured on a 12-month basis, the gross carrying amount was increased by \$5,506,552 due to acquisitions, therefore an impairment loss of \$3,228 was recognized.
- For the debt instruments measured on a 12-month basis, the gross carrying amount was reduced by \$2,988,814 due to derecognitions, therefore a reversal of impairment amounting to \$3,085 was recognized.

- (F) For investments in debt instruments measured at amortised cost and at fair value through other comprehensive income and loans of the Group, the credit rating levels are presented below:

December 31, 2019				
	12 months	Lifetime		Total
		Significant increase in credit risk	Impairment of credit	
Financial assets measured at amortised cost				
Excellent	\$ 6,024,799	\$ -	\$ -	\$ 6,024,799
Fair	-	-	-	-
Below the standard	-	-	-	-
	<u>\$ 6,024,799</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,024,799</u>
Financial assets at fair value through other comprehensive income				
Excellent	\$ 73,639,815	\$ -	\$ -	\$ 73,639,815
Fair	227,833	-	-	227,833
Below the standard	-	-	-	-
	<u>\$ 73,867,648</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 73,867,648</u>
Other financial assets - loans				
Excellent	\$ 951,353	\$ -	\$ -	\$ 951,353
Fair	15,484,972	2,588,232	-	18,073,204
Unrated	204,092	-	1,715,539	1,919,631
	<u>\$ 16,640,417</u>	<u>\$ 2,588,232</u>	<u>\$ 1,715,539</u>	<u>\$ 20,944,188</u>
December 31, 2018				
	12 months	Lifetime		Total
		Significant increase in credit risk	Impairment of credit	
Financial assets measured at amortised cost				
Excellent	\$ 5,683,034	\$ -	\$ -	\$ 5,683,034
Fair	-	-	-	-
Below the standard	-	-	-	-
	<u>\$ 5,683,034</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,683,034</u>
Financial assets at fair value through other comprehensive income				
Excellent	\$ 68,710,346	\$ -	\$ -	\$ 68,710,346
Fair	289,733	-	-	289,733
Below the standard	-	-	-	-
	<u>\$ 69,000,079</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,000,079</u>
Other financial assets - loans				
Excellent	\$ 1,020,335	\$ -	\$ -	\$ 1,020,335
Fair	15,639,687	58,025	-	15,697,712
Unrated	240,154	-	2,200,022	2,440,176
	<u>\$ 16,900,176</u>	<u>\$ 58,025</u>	<u>\$ 2,200,022</u>	<u>\$ 19,158,223</u>

The Group has an internal credit risk level classification, which is classified as excellent, fair, below the

standard and impaired. Each credit quality level is defined as follows:

- (A) Excellent: This level shows that the counterparty or the underlying asset is equipped with strong capability of fulfilling financial commitments, even under significantly uncertain or adverse conditions.
- (B) Fair: This level shows that the counterparty's or the underlying asset's capability of fulfilling financial commitments is weak. Any adverse operation, financial or economic conditions will reduce its capability.
- (C) Below the standard: This level shows that the counterparty's or the underlying asset's capability of fulfilling financial commitments is extremely low. The counterparty is able to fulfill financial commitments only when the operating circumstances and its financial condition are favorable.
- (D) Unrated: Internal credit risk level classification failed (or not required) due to other reasons.

Table of credit risk ratings

Group's internal credit risk ratings	Taiwan Ratings	Standard & Poor's Ratings	Fitch Ratings
Excellent	twAAA~twBBB-	AAA~BBB-	AAA~BBB-
Fair	twBB+~twBB	BB+~BB	BB+~BB
Below the standard	twBB~-twC	BB~-C	BB~-C

G. As of the report date, the Group is exposed to credit risk mainly on domestic area and Asia (others) for the geographic concentration and financial industry for the industry sector concentration. The exposure to financial industry is mainly on bank deposits, debt instruments which are issued or guaranteed by bank and derivatives transaction which counterparties are financial industry.

(A) Analysis of concentration of credit risk

Credit risk exposure amounts of the Group's financial assets by geography (Note) and by industry:

YUANTA SECURITIES CO., LTD.								
Amount of credit risk exposure by geographic area (Consolidated)								
December 31, 2019								
(Expressed in thousands of New Taiwan dollars)								
Financial assets	TAIWAN	HONG KONG	ASIA (OTHERS)	AMERICA	EUROPE	OCEANIA	AFRICA	TOTAL
Cash and cash equivalents	\$ 28,842,421	\$ 890,522	\$ 20,750,447	2,546,172	\$ 180,782	\$ 6,398	\$ -	\$ 53,216,742
Financial assets at fair value								
through profit or loss	70,471,659	524,538	194,631,871	10,924,511	7,415,242	240,755	-	284,208,576
Debt instruments	67,503,342	88,809	125,982,133	5,234,125	4,984,171	240,755	-	204,033,335
Derivative instruments	2,968,317	435,729	7,277,381	5,690,386	2,431,071	-	-	18,802,884
Reserve for deposits - KSFC	-	-	61,372,357	-	-	-	-	61,372,357
Investment in bonds under reverse								
repurchase agreements	6,296,717	-	26,289,660	-	-	4	-	32,586,381
Deposits on securities borrowed	345,024	15,222	6,200,795	139,946	129,993	16,543	-	6,847,523
Customer margin accounts	401,233	608,882	836,524	34,182	836,438	972,605	-	3,689,864
Receivables	102,153,871	1,460,928	36,513,829	945,727	4,380,215	75,031	6,010	145,535,611
Accounts receivable	61,243,740	872,237	6,904,620	895,913	2,721,540	55,261	6,010	72,699,321
Other receivables	336,430	121,266	1,285,856	43,878	-	-	-	1,787,430
Receivables from margin loans	40,573,701	467,425	28,323,353	5,936	1,658,675	19,770	-	71,048,860
Other assets - current	9,603,406	1,458,859	28,443,205	1,915,976	342,619	-	-	41,764,065
Financial assets at fair value through								
other comprehensive income	31,427,827	1,267,013	18,918,434	13,978,294	6,092,191	2,129,167	54,722	73,867,648
Debt instruments	31,427,827	1,267,013	18,918,434	13,978,294	6,092,191	2,129,167	54,722	73,867,648
Financial assets measured at								
amortised cost	105,126	-	5,919,673	-	-	-	-	6,024,799
Debt instruments	105,126	-	5,919,673	-	-	-	-	6,024,799
Other assets - non-current	2,394,158	70,758	1,045,165	-	-	-	-	3,510,081
Total	<u>\$ 252,041,442</u>	<u>\$ 6,296,722</u>	<u>\$ 339,549,603</u>	<u>\$ 30,484,808</u>	<u>\$ 19,377,480</u>	<u>\$ 3,440,503</u>	<u>\$ 60,732</u>	<u>\$ 651,251,290</u>
Proportion of the total area	38.70%	0.97%	52.14%	4.68%	2.97%	0.53%	0.01%	100.00%

Note: Percentages of credit risk exposure amounts of the Group's financial assets by geographic area were as follows (see the table below), Asia (others) does not include Taiwan and Hong Kong.

YUANTA SECURITIES CO., LTD.
Amount of credit risk exposure by geographic area (Consolidated)
December 31, 2018

	(Expressed in thousands of New Taiwan dollars)							
Financial assets	TAIWAN	HONG KONG	ASIA (OTHERS)	AMERICA	EUROPE	OCEANIA	AFRICA	TOTAL
Cash and cash equivalents	\$ 23,711,519	\$ 3,999,928	\$ 17,999,107	1,674,267	\$ 218,165	\$ 19,702	\$ -	\$ 47,622,688
Financial assets at fair value								
through profit or loss	68,673,025	599,408	204,025,717	10,680,283	8,652,082	367,205	-	292,997,720
Debt instruments	66,731,589	195,836	122,839,261	4,877,974	5,250,858	359,270	-	200,254,788
Derivative instruments	1,941,436	403,572	13,324,899	5,802,309	3,401,224	7,935	-	24,881,375
Reserve for deposits - KSFC	-	-	67,861,557	-	-	-	-	67,861,557
Investment in bonds under reverse								
repurchase agreements	1,246,178	-	29,271,000	-	-	-	-	30,517,178
Deposits on securities borrowed	10,099,904	41,782	9,769,290	-	-	16,791	-	19,927,767
Customer margin accounts	359,818	541,312	798,373	43,803	651,308	189,305	-	2,583,919
Receivables	87,639,533	1,408,356	39,595,838	697,324	1,707,913	101,053	-	131,150,017
Accounts receivable	53,477,083	688,631	7,983,890	516,484	510,454	79,502	-	63,256,044
Other receivables	457,637	14,149	1,010,372	180,840	-	-	-	1,662,998
Receivables from margin loans	33,704,813	705,576	30,601,576	-	1,197,459	21,551	-	66,230,975
Refinancing margin	89,528	-	-	-	-	-	-	89,528
Other assets - current	3,651,510	8,083,298	22,734,983	224,283	358,908	-	-	35,052,982
Financial assets at fair value through								
other comprehensive income	31,285,285	3,022,804	19,787,742	10,563,796	3,009,369	1,331,083	-	69,000,079
Debt instruments	31,285,285	3,022,804	19,787,742	10,563,796	3,009,369	1,331,083	-	69,000,079
Financial assets measured at								
amortised cost	106,357	-	5,576,677	-	-	-	-	5,683,034
Debt instruments	106,357	-	5,576,677	-	-	-	-	5,683,034
Other assets - non-current	1,922,517	64,890	1,096,897	-	-	-	-	3,084,304
Total	<u>\$ 228,785,174</u>	<u>\$ 17,761,778</u>	<u>\$ 350,655,624</u>	<u>\$ 23,883,756</u>	<u>\$ 14,597,745</u>	<u>\$ 2,025,139</u>	<u>\$ -</u>	<u>\$ 637,709,216</u>
Proportion of the total area	35.88%	2.78%	54.99%	3.74%	2.29%	0.32%	0.00%	100.00%

Note: Percentages of credit risk exposure amounts of the Group's financial assets by geographic area were as follows (see the table below), Asia (others) does not include Taiwan and Hong Kong.

YUANTA SECURITIES CO., LTD.
Amount of credit risk exposure by industry (Consolidated)
December 31, 2019

(Expressed in thousands of New Taiwan dollars)

Financial assets	Government organization	Financial industry	Privately owned businesses	Natural persons	Total
Cash and cash equivalents	\$ -	\$ 53,080,484	\$ 136,258	\$ -	\$ 53,216,742
Financial assets at fair value through profit or loss	78,119,426	143,385,534	62,624,277	79,339	284,208,576
Debt instruments	16,242,008	125,651,095	62,140,232	-	204,033,335
Derivative financial instruments	505,061	17,734,439	484,045	79,339	18,802,884
Reserve for deposits - KSFC	61,372,357	-	-	-	61,372,357
Investment in bonds under reverse repurchase agreements	-	26,289,664	-	6,296,717	32,586,381
Deposits on securities borrowed	-	6,847,523	-	-	6,847,523
Customer margin accounts	-	3,689,864	-	-	3,689,864
Receivables	812,229	25,636,371	3,588,478	115,498,533	145,535,611
Accounts receivable	723,094	24,359,163	1,345,439	46,271,625	72,699,321
Other receivables	89,135	693,441	391,409	613,445	1,787,430
Receivables from margin loans	-	583,767	1,851,630	68,613,463	71,048,860
Other assets - current	4,306,958	15,808,652	20,039,989	1,608,466	41,764,065
Financial assets at fair value through other comprehensive income	7,406,061	33,935,200	32,526,387	-	73,867,648
Debt instruments	7,406,061	33,935,200	32,526,387	-	73,867,648
Financial assets measured at amortised cost	6,024,799	-	-	-	6,024,799
Debt instruments	6,024,799	-	-	-	6,024,799
Other assets - non-current	140,232	2,244,621	148,301	976,927	3,510,081
Total	<u>\$ 96,809,705</u>	<u>\$ 310,917,913</u>	<u>\$ 119,063,690</u>	<u>\$ 124,459,982</u>	<u>\$ 651,251,290</u>
Proportion of the total industry	14.87%	47.74%	18.28%	19.11%	100.00%

YUANTA SECURITIES CO., LTD.
Amount of credit risk exposure by industry (Consolidated)
December 31, 2018

(Expressed in thousands of New Taiwan dollars)

Financial assets	Government organization	Financial industry	Privately owned businesses	Natural persons	Total
Cash and cash equivalents	\$ 646	\$ 47,322,318	\$ 299,724	\$ -	\$ 47,622,688
Financial assets at fair value through profit or loss	91,765,161	150,996,877	50,235,682	-	292,997,720
Debt instruments	21,929,869	128,897,575	49,427,344	-	200,254,788
Derivative financial instruments	1,973,735	22,099,302	808,338	-	24,881,375
Reserve for deposits - KSFC	67,861,557	-	-	-	67,861,557
Investment in bonds under reverse repurchase agreements	-	29,270,993	-	1,246,185	30,517,178
Deposits on securities borrowed	107,250	19,820,517	-	-	19,927,767
Customer margin accounts	-	2,583,919	-	-	2,583,919
Receivables	399,317	26,322,386	4,008,783	100,419,531	131,150,017
Accounts receivable	345,428	25,535,727	1,362,763	36,012,126	63,256,044
Other receivables	53,889	564,679	403,178	641,252	1,662,998
Receivables from margin loans	-	221,980	2,242,842	63,766,153	66,230,975
Refinancing margin	-	89,528	-	-	89,528
Other assets - current	570,704	14,972,900	17,793,080	1,716,298	35,052,982
Financial assets at fair value through other comprehensive income	11,394,018	25,766,653	31,839,408	-	69,000,079
Debt instruments	11,394,018	25,766,653	31,839,408	-	69,000,079
Financial assets measured at amortised cost	5,683,034	-	-	-	5,683,034
Debt instruments	5,683,034	-	-	-	5,683,034
Other assets - non-current	140,230	1,766,762	149,318	1,027,994	3,084,304
Total	<u>\$ 110,060,360</u>	<u>\$ 318,912,853</u>	<u>\$ 104,325,995</u>	<u>\$ 104,410,008</u>	<u>\$ 637,709,216</u>
Proportion of the total industry	17.26%	50.01%	16.36%	16.37%	100.00%

H. Credit risk stress testing

The Group measures regularly the possible stress loss from the extreme abnormal stress circumstance. The stress circumstance is mainly to evaluate the impact of the key macroeconomic variables under abnormal movements of the credit default rate and default loss rate in order to assess unexpected potential credit loss that is likely to occur.

When the stress loss exceeds the risk tolerance level, the Group will conduct credit risk analysis and risk warning immediately to control the risk within a reasonable range.

(BLANK)

(3) Liquidity risk analysis

A. Cash flow analysis:

Funding liquidity risk happens when the funding supply cannot be sufficiently obtained in an expected period of time that lead to a failure of fulfilling the capital need as maturity comes due, or when the Group has to sell its assets below market price to obtain necessary fund and suffer loss.

YUANTA SECURITIES CO., LTD.
Maturity analysis table of financial liabilities cash flow (Consolidated)
December 31, 2019

(Expressed in thousands of New Taiwan dollars)

Financial liabilities	Payment period on spot	Less than 3 months	Between 3 months and 1 year	Between 1 year and 5 years	Over 5 years	Total
Short-term loans	\$ 10,300,536	\$ 30,065,625	\$ 7,161,225	\$ 13,320,606	\$ -	\$ 60,847,992
Commercial paper payable	1,780,108	36,542,259	299,361	-	-	38,621,728
Financial liabilities at fair value through profit or loss	23,068,061	13,673,168	29,161,001	42,227,718	13,741,726	121,871,674
Derivative instruments	6,736,263	11,593,360	26,583,420	40,326,548	13,481,905	98,721,496
Securities borrowed payable	16,331,798	2,079,808	2,577,581	1,901,170	259,821	23,150,178
Liabilities for bonds with repurchase agreements	60,468,009	77,504,718	31,047,313	28,095,566	-	197,115,606
Guarantee deposit received from short sales	6,381,464	51,847	1,591,899	-	-	8,025,210
Deposit payable for short sales	7,522,319	-	1,694,668	-	-	9,216,987
Securities borrowed payable	26,349,057	129,422	267,905	-	2,037,110	28,783,494
Futures traders' equity	1,270,116	1,307,762	848,219	3,392,875	-	6,818,972
Payables	32,052,713	11,735,746	2,274,201	321,517	10,854	46,395,031
Accounts payable	31,737,050	8,291,991	544,670	-	-	40,573,711
Other payables	315,663	3,443,755	1,729,531	321,517	10,854	5,821,320
Collections for third parties	165,391	587,682	-	-	-	753,073
Bonds payables and others	13,515,588	14,709,372	10,955,782	44,636,566	9,260,471	93,077,779
Lease liabilities	332	190,845	466,705	1,530,575	749,804	2,938,261
Total	\$ 182,873,694	\$ 186,498,446	\$ 85,768,279	\$ 133,525,423	\$ 25,799,965	\$ 614,465,807
Proportion of the total	29.76%	30.35%	13.96%	21.73%	4.20%	100.00%

YUANTA SECURITIES CO., LTD.
Maturity analysis table of financial liabilities cash flow (Consolidated)
December 31, 2018

(Expressed in thousands of New Taiwan dollars)

Financial liabilities	Payment period on spot	Less than 3 months	Between 3 months and 1 year	Between 1 year and 5 years	Over 5 years	Total
Short-term loans	\$ 9,475,310	\$ 35,727,469	\$ 5,144,928	\$ 12,507,094	\$ -	\$ 62,854,801
Commercial paper payable	495,234	31,382,903	3,642,148	-	-	35,520,285
Financial liabilities at fair value through profit or loss	16,670,852	18,836,861	16,420,654	44,460,709	13,207,438	109,596,514
Derivative instruments	5,150,127	16,181,289	13,372,815	43,909,081	10,701,184	89,314,496
Securities borrowed payable	11,520,725	2,655,572	3,047,839	551,628	2,506,254	20,282,018
Liabilities for bonds with repurchase agreements	57,456,166	82,364,267	30,874,616	31,648,553	-	202,343,602
Guarantee deposit received from short sales	6,505,886	69,927	902,731	-	-	7,478,544
Deposit payable for short sales	7,348,822	-	989,700	-	-	8,338,522
Guarantee deposit received on security lent	29,460,310	152,161	786,597	-	2,057,000	32,456,068
Futures traders' equity	1,543,782	1,652,734	609,105	2,436,422	-	6,242,043
Payables	21,719,811	10,308,050	2,339,138	302,076	16,336	34,685,411
Accounts payable	21,417,092	6,335,651	879,446	-	-	28,632,189
Other payables	302,719	3,972,399	1,459,692	302,076	16,336	6,053,222
Collections for third parties	198,660	358,515	-	-	-	557,175
Bonds payables and others	13,705,533	18,998,443	11,132,159	40,954,786	185,610	84,976,531
Total	<u>\$ 164,580,366</u>	<u>\$ 199,851,330</u>	<u>\$ 72,841,776</u>	<u>\$ 132,309,640</u>	<u>\$ 15,466,384</u>	<u>\$ 585,049,496</u>
Proportion of the total	28.13%	34.16%	12.45%	22.62%	2.64%	100.00%

(A) Accounts payable includes notes payable and accounts payable (including related parties), etc.

(B) Other payables include other payables - related parties.

(C) Most of the maturity of bank loans, commercial paper payable and liabilities for bonds with repurchase agreements are within 3 months, which are the Company's main instruments used to raise short-term capital. The financial liabilities with the maturity over 3 months are mainly from the OTC derivative instruments, including interest rate swap, asset swap, structured products, securities borrowed payable, other payables, bonds payable (including long-term loans) and lease liabilities.

(D) Client equity includes both futures traders' equity and equity for each customer in the account.

(E) The lease liabilities include current and non-current lease liabilities.

YUANTA SECURITIES CO., LTD.
Table for cash flow gap (Consolidated)
December 31, 2019

(Expressed in thousands of New Taiwan dollars)

Current assets	Collection period on spot	Less than 3 months	Between 3 months and 1 year	Between 1 year and 5 years	Over 5 years	Total
Cash and cash equivalents	\$ 16,562,277	\$ 34,972,267	\$ 1,682,198	-	-	\$ 53,216,742
Financial assets at fair value through profit or loss	135,771,187	41,715,795	54,088,575	85,750,140	12,329,981	329,655,678
Trading securities	127,708,000	32,511,785	41,930,921	42,730,586	3,701,377	248,582,669
Derivative instruments	5,165,229	572,680	2,184,871	3,149,268	8,628,604	19,700,652
Reserve for deposits - KSFC	2,897,958	8,631,330	9,972,783	39,870,286	-	61,372,357
Investment in bonds under reverse repurchase agreements	23,588,711	8,997,670	-	-	-	32,586,381
Deposits on securities borrowed	376,789	3,256,685	-	3,016,069	197,980	6,847,523
Customer margin accounts	3,171,352	518,512	-	-	-	3,689,864
Receivables	37,574,247	63,073,794	32,909,806	9,458,037	88,354	143,104,238
Accounts receivable	33,463,389	23,562,864	5,471,409	8,945,879	58,523	71,502,064
Other receivables	360,849	738,321	39,812	216,265	29,831	1,385,078
Receivables from margin loans	3,750,009	38,772,609	27,398,585	295,893	-	70,217,096
Other current assets	7,210,469	6,447,601	4,342,386	20,271,039	1,999,155	40,270,650
Financial assets at fair value through other comprehensive income	80,304	1,245,453	6,740,830	55,333,729	23,895,687	87,296,003
Financial assets measured at amortised cost	-	3,473,809	2,493,505	52,271	2,501	6,022,086
Other non-current assets	-	4	383,580	337,056	2,789,441	3,510,081
Total						
Total Cash inflows	224,335,336	163,701,590	102,640,880	174,218,341	41,303,099	706,199,246
Total Cash outflows	182,873,693	186,498,447	85,768,278	133,525,423	25,799,965	614,465,806
Cash flow excess (gap)	41,461,643	(22,796,857)	16,872,602	40,692,918	15,503,134	91,733,440

YUANTA SECURITIES CO., LTD.
Table for cash flow gap (Consolidated)
December 31, 2018

(Expressed in thousands of New Taiwan dollars)

Current assets	Collection period on spot	Less than 3 months	Between 3 months and 1 year	Between 1 year and 5 years	Over 5 years	Total
Cash and cash equivalents	\$ 18,348,450	\$ 28,641,174	\$ 633,064	-	-	\$ 47,622,688
Financial assets at fair value through profit or loss	107,740,888	61,261,628	38,314,777	105,813,778	15,709,672	328,840,743
Trading securities	94,748,790	46,551,004	24,760,492	63,025,248	5,915,993	235,001,527
Derivative instruments	8,638,264	1,649,119	3,465,041	2,431,556	9,793,679	25,977,659
Reserve for deposits - KSFC	4,353,834	13,061,505	10,089,244	40,356,974	-	67,861,557
Investment in bonds under reverse repurchase agreements	22,366,178	8,151,000	-	-	-	30,517,178
Deposits on securities borrowed	10,132,146	2,664,358	5,557,358	1,394,202	179,703	19,927,767
Customer margin accounts	1,866,413	717,506	-	-	-	2,583,919
Receivables	32,267,620	60,677,532	29,529,777	6,270,260	80,608	128,825,797
Accounts receivable	26,722,697	22,042,629	7,419,388	5,959,742	34,249	62,178,705
Other receivables	314,003	584,382	149,468	168,673	46,359	1,262,885
Receivables from margin loans	5,230,920	38,050,521	21,960,921	141,845	-	65,384,207
Refinancing margin	89,528	-	-	-	-	89,528
Other current assets	5,471,623	6,674,870	3,746,904	15,156,944	2,358,748	33,409,089
Financial assets at fair value through other comprehensive income	130,283	644,759	3,597,852	57,410,733	18,978,389	80,762,016
Financial assets measured at amortised cost	-	2,559,680	3,013,764	104,534	2,541	5,680,519
Other non-current assets	-	551	275,071	286,705	2,521,977	3,084,304
Total						
Total Cash inflows	198,413,129	171,993,058	84,668,567	186,437,156	39,831,638	681,343,548
Total Cash outflows	164,580,366	199,851,330	72,841,776	132,309,640	15,466,384	585,049,496
Cash flow excess (gap)	33,832,763	(27,858,272)	11,826,791	54,127,516	24,365,254	96,294,052

As of the report date, the Group's cash flows presented net cash inflows as well as the Group's accumulated fund gaps, but the period, less than 3 months, is not included. This means that the Group has an ability to maintain reasonable liquidity.

B. Liquidity risk stress testing

Liquidity risk refers to inability to obtain sufficient funding to meet maturing debt risk. The Group analyzes regularly the stress testing simulation of adverse situations of extreme abnormal changes in liquidity situation. Stress scenarios includes significant market volatility, a variety of credit events and unexpected liquidity crunch in the financial markets and other assumptions to measure the overall capital supply, demand and changes in the situation during the funding gap.

If significant funding gap occurs under stress scenario, the following procedures will be performed to control the potential liquidity risk:

- (A) Develop financial asset disposal plan to increase financing flexibility.
- (B) Adequately allocate proprietary position from various trading departments in order to maintain a higher degree of liquidity.
- (C) Ensure the reliability and diversification of financing channels to enhance the flexibility.

(4) Market risk analysis

Market risk refers to changes in stock prices, exchange rates, interest rates, credit spreads and commodity prices which can lead to the decrease of revenue or the value of investment portfolio.

The Group continuously uses sensitivity analysis, value-at-risk (Value at Risk, VaR) and stress testing to effectively measure, monitor and manage market risk.

A. Sensitivity analysis

Sensitivity analysis is used to measure the specific factor when changes occur in the market, the products, and the degree of the impact and influence for the portfolio. Based on the differences in each risk category, the Group uses the following sensitivity for measuring and monitoring the risk exposures:

- (A) Price value of basis point (PVBP): A measure of change in the price of a position when the specific yield curve has parallel translation of one basis point (1bp = 0.01%).
- (B) Delta: Measure a specific underlying asset price change of 1%, changes amount of the value of the parts.
- (C) Gamma: It is the change in related amount of Delta when the underlying asset value moves by 1 unit.
- (D) Vega: It is the change in related amount of derivative instrument when the value of underlying asset moves by 1 unit.

B. Value at Risk

VaR is used to measure maximum possible loss of the investment portfolio that may be caused by the changes of market risk factors in a specific period and at certain confidence level.

Back testing is performed continuously to ensure the VaR model can reasonably, completely and correctly measure maximum potential losses of the investment portfolios.

VaR of Trading of Different Types							
For the year ended December 31, 2019	Foreign exchange NTD thousand	Interest rate NTD thousand	Equity NTD thousand	Commodity NTD thousand	Total	Dispersing effect	Total NTD thousand
At January 1, 2019	66,746	75,864	221,553	6,642	370,805	(151,451)	219,354
At December 31, 2019	38,185	54,524	220,356	13,819	326,884	(71,908)	254,976
Average during the period	50,635	67,637	220,154	12,542	350,968	(115,891)	235,077
The lowest during the period	31,351	43,712	177,166	1,311	-	-	189,051
The highest during the period	67,795	95,553	301,984	46,510	-	-	308,036

For the year ended December 31, 2018	Foreign exchange NTD thousand	Interest rate NTD thousand	Equity NTD thousand	Commodity NTD thousand	Total	Dispersing effect	Total NTD thousand
At January 1, 2018	26,120	51,153	183,173	15,164	275,462	(102,348)	173,114
At December 31, 2018	78,945	82,743	213,999	18,482	394,169	(181,446)	212,723
Average during the period	41,972	71,583	207,359	8,787	329,701	(119,715)	209,986
The lowest during the period	21,619	43,816	161,634	1,146	-	-	173,114
The highest during the period	81,409	103,444	252,030	28,977	-	-	275,111

C. Market risk stress testing

In addition to value-at-risk models, the Group regularly measures extreme abnormal stress situations that may result in losses. The Group comprehensively takes into consideration rationality and possibility of standard situation, historical context and assumptions to set stress scenarios so that possible stress losses on the Group's positions can be completely assessed.

When the stress losses exceeds risk tolerance, the Group will carry out market risk analysis and risk warning, and perform the necessary coping strategies to control the risk within a reasonable range.

(5) The fair values of the financial instruments

Except for those listed in the table below, the carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, investment in bonds under reverse repurchase agreements, receivables from margin loans, refinancing margin, refinancing deposits receivable, customer margin accounts, receivable of securities business money lending, receivables from security lending, deposits on securities borrowed, notes and accounts receivable, other receivables, other financial assets, other current assets, other non-current assets, short-term loans, commercial paper payable, liabilities for bonds with repurchase agreements, guarantee deposit received from short sales, other financial liabilities, deposit payable for short sales, guarantee deposit received on security lent, futures traders' equity, notes and accounts payable, other payables, other current liabilities, and other non-current liabilities) are approximate to their fair values.

December 31, 2019				
	Book value	Fair value		
		Level 1	Level 2	Level 3
Current assets				
Financial assets measured at amortised cost				
- current	\$ 5,966,264	\$ -	\$ 5,973,633	\$ -
Non-current assets				
Financial assets measured at amortised cost				
- non-current	55,103	-	55,436	-
Non-current liabilities				
Bonds payable	9,449,634	-	9,554,583	-
December 31, 2018				
	Book value	Fair value		
		Level 1	Level 2	Level 3
Current assets				
Financial assets measured at amortised cost				
- current	\$ 5,573,395	\$ -	\$ 5,577,570	\$ -
Non-current assets				
Financial assets measured at amortised cost				
- non-current	106,357	-	108,392	-
Current liabilities				
Long-term liabilities - current portion	1,327,447	-	1,332,537	-
Non-current liabilities				
Bonds payable	1,503,562	-	1,499,548	-

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

- A. Financial assets and liabilities at fair value through profit or loss include non-derivatives and derivatives. The fair value of non-derivative financial instruments was based on active quoted market price. If the market for a financial instrument is not active, an entity establishes fair value by using a valuation technique. Valuation techniques include using recent arm's length market transactions between knowledgeable and willing parties. The discount rates were the same as those of financial instruments with similar terms and characteristics, including credit status of the debtor, fixed rate covered period,

maturity date and contract currency. The fair value of derivatives was based on active quoted market price if available. When market price was unavailable, fair value was determined based on the amounts to be received or paid assuming that the contracts were settled as of the reporting date.

- B. For financial assets at fair value through other comprehensive income, the fair value was based on active quoted market price. If the market for a financial instrument is not active, an entity establishes fair value by using a valuation technique. Valuation techniques include using recent arm's length market transactions between knowledgeable and willing parties. The discount rates were the same as those of financial instruments with similar terms and characteristics, including credit status of the debtor, fixed rate covered period, maturity date and contract currency.
- C. For financial assets measured at amortised cost, the fair value was based on active quoted market price. If the market for a financial instrument is not active, an entity establishes fair value by using a valuation technique. Valuation techniques include using recent arm's length market transactions between knowledgeable and willing parties. The discount rates were the same as those of financial instruments with similar terms and characteristics, including credit status of the debtor, fixed rate covered period, maturity date and contract currency.
- D. For corporate bonds payable, if there are public quotes available from active markets, the fair value is the market price. When there are no market prices available for reference, the fair value is estimated using valuation methods of interest rate derivatives. The estimates and assumptions of valuation methods elected by the Group are consistent with the estimates and assumptions set by market participants in pricing financial instruments. The discount rate used by the Group is consistent with financial instruments that have virtually identical terms and characteristics. The terms and characteristics include credit status of the debtor, market interest curve of the payment currency and the remaining period for accruable interest etc.

(6) Fair value estimation

- A. Details of the fair value of the Group's financial assets and financial liabilities not measured at fair value are provided in Note 12(5). Details of the fair value of the Group's investment properties measured at cost are provided in Note 6(17).
- B. The table below analyses financial instruments measured at fair value, by valuation method. The different levels have been defined as follows:
 - Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
 - Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
 - Level 3: Inputs for the asset or liability that are not based on observable market data.
- C. Information on the Group's financial instruments and non-financial instruments measured at fair value, classified based on the nature of assets and liabilities, characteristics and risks, and the fair value hierarchy, is as follows:

Financial instruments measured at fair value	December 31, 2019			
Recurring fair value measurements	Total	Level 1	Level 2	Level 3
Non-derivative instruments				
Assets				
Financial assets at fair value through profit or loss				
Financial assets mandatorily measured at fair value through profit or loss				
Equity instruments	\$ 25,342,297	\$ 24,096,931	\$ 87,610	\$ 1,157,756
Debt instruments	181,318,612	64,066,557	116,991,591	260,464
Others	98,862,783	31,870,671	66,232,980	759,132
Financial assets at fair value through other comprehensive income				
Equity instruments	15,799,915	1,865,428	-	13,934,487
Debt instruments	73,867,648	40,557,181	33,082,634	227,833
Liabilities				
Financial liabilities at fair value through profit or loss	23,065,762	23,065,762	-	-
Derivative and structured products				
Assets				
Financial assets at fair value through profit or loss	18,895,986	5,216,634	1,108,302	12,571,050
Liabilities				
Financial liabilities at fair value through profit or loss	95,876,254	1,866,969	25,700,228	68,309,057

Financial instruments measured at fair value	December 31, 2018			
Recurring fair value measurements	Total	Level 1	Level 2	Level 3
Non-derivative instruments				
Assets				
Financial assets at fair value through profit or loss				
Financial assets mandatorily measured at fair value through profit or loss				
Equity instruments	\$ 15,701,003	\$ 14,107,707	\$ 34,348	\$ 1,558,948
Debt instruments	177,117,969	68,036,425	108,933,104	148,440
Others	108,521,392	32,134,172	75,402,877	984,343
Financial assets at fair value through other comprehensive income				
Equity instruments	14,141,074	859,751	-	13,281,323
Debt instruments	69,000,079	34,966,351	33,774,703	259,025
Liabilities				
Financial liabilities at fair value through profit or loss	20,282,018	20,282,018	-	-
Derivative and structured products				
Assets				
Financial assets at fair value through profit or loss	24,991,793	8,759,600	1,272,401	14,959,792
Liabilities				
Financial liabilities at fair value through profit or loss	84,613,585	1,433,674	22,583,002	60,596,909

- D. The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. 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.
- E. The fair value of financial instruments that are not traded in an active market 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.
- F. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

G. The transfer between Level 1 and Level 2

As of December 31, 2019 and 2018, certain foreign debt held by the Company, totaling USD 19,786 thousand and USD 318,564 thousand, have been transferred from level 1 to level 2, because the debt instrument had to be valued using pricing from Bloomberg Valuation Services (BVAL) due to no steady sources for price information or less precise price quotes from stock brokers.

In addition, as of December 31, 2019 and 2018, certain foreign debt held by the Company, totaling USD 11,051 thousand and USD 3,555 thousand, have been transferred from level 2 to level 1 since these assets now have steady sources for price information.

H. Movements of financial assets and liabilities classified into Level 3 of fair value are as follows:

For the year ended December 31, 2019:

Movements of financial assets classified into Level 3 of fair value								
		Valuation gain or loss		Addition		Reduction		December 31, 2019
		Recognized as gain (loss)	Recognized as other comprehensive income	Purchased or issued	Transferred to Level 3	Sold, disposed or settled	Transferred from Level 3	
	January 1, 2019							
Financial assets at fair value through profit or loss								
Non-derivatives	\$ 2,691,731	(\$ 507,499)	\$ -	\$ 7,283,298	\$ 157,724	(\$ 7,006,423)	(\$ 441,479)	\$ 2,177,352
Derivative and structured products	14,959,792	(3,080,546)	-	9,153,830	-	(8,462,026)	-	12,571,050
Financial assets at fair value through other comprehensive income	13,540,348	(263,561)	956,521	-	-	(70,988)	-	14,162,320
Total	\$ 31,191,871	(\$ 3,851,606)	\$ 956,521	\$16,437,128	\$ 157,724	(\$ 15,539,437)	(\$ 441,479)	\$ 28,910,722

Movements of financial liabilities classified into Level 3 of fair value								
		Valuation gain or loss		Addition		Reduction		December 31, 2019
		Recognized as gain (loss)	Recognized as other comprehensive income	Purchased or issued	Transferred to Level 3	Sold, disposed or settled	Transferred from Level 3	
	January 1, 2019							
Financial liabilities at fair value through profit or loss								
Derivative and structured products	\$ 60,596,909	(\$ 4,853,573)	\$ 8,636	\$110,977,569	\$ -	(\$ 98,420,484)	\$ -	\$ 68,309,057
Total	\$ 60,596,909	(\$ 4,853,573)	\$ 8,636	\$110,977,569	\$ -	(\$ 98,420,484)	\$ -	\$ 68,309,057

For the year ended December 31, 2018:

Movements of financial assets classified into Level 3 of fair value

		Valuation gain or loss		Addition		Reduction		December 31, 2018
		Recognized as gain (loss)	Recognized as other comprehensive income	Purchased or issued	Transferred to Level 3	Sold, disposed or settled	Transferred from Level 3	
	January 1, 2018							
Financial assets at fair value through profit or loss								
Non-derivatives	\$ 2,332,851	\$ 502,306	\$ -	\$11,456,661	\$ 488,995	(\$ 11,255,574)	(\$ 833,508)	\$ 2,691,731
Derivative and structured products	11,257,314	29,861	-	10,190,019	-	(6,498,261)	(19,141)	14,959,792
Financial assets at fair value through other comprehensive income	11,638,224	(58,435)	1,862,134	-	98,425	-	-	13,540,348
Total	\$ 25,228,389	\$ 473,732	\$ 1,862,134	\$21,646,680	\$ 587,420	(\$ 17,753,835)	(\$ 852,649)	\$ 31,191,871

Movements of financial liabilities classified into Level 3 of fair value

		Valuation gain or loss		Addition		Reduction		December 31, 2018
		Recognized as gain (loss)	Recognized as other comprehensive income	Purchased or issued	Transferred to Level 3	Sold, disposed or settled	Transferred from Level 3	
	January 1, 2018							
Financial liabilities at fair value through profit or loss								
Derivative and structured products	\$ 69,473,284	(\$ 3,596,022)	(\$ 4,488)	\$ 149,035,975	\$ -	(\$ 154,311,840)	\$ -	\$ 60,596,909
Total	\$ 69,473,284	(\$ 3,596,022)	(\$ 4,488)	\$ 149,035,975	\$ -	(\$ 154,311,840)	\$ -	\$ 60,596,909

In relation to above valuation gains and losses on financial assets recognized in profit or loss in the period, the gains and losses on assets of the December 31, 2019 and 2018 were (\$2,737,796) and \$704,097, respectively. As for valuation gains and losses on financial assets recognized in other comprehensive income, the gains and losses on assets of the December 31, 2019 and 2018 were \$956,521 and \$1,862,134, respectively. In relation to above valuation gains and losses on financial liabilities recognized in profit or loss in the period, the gains and losses on assets of the December 31, 2019 and 2018 were \$2,974,651 and \$3,300,669, respectively. As for valuation gains and losses on financial liabilities recognized in other comprehensive income, the gains and losses on assets of the December 31, 2019 and 2018 were (\$8,403) and \$4,488, respectively.

I. The Group's Level 3 transfers are as follows:

For the years ended December 31, 2019 and 2018, the reclassifications from Level 1 to Level 3 were originally OTC-stocks traded with sufficient frequency, however as subsequent transactions in these securities were merited with insufficient frequency, they were thus reclassified from Level 3 to Level 1. Some of investments cannot acquire observable input from observable market, therefore were transferred to Level 3. Reclassifications from Level 3 to Level 1 were originally OTC-stocks traded with insufficient frequency, but subsequently merited sufficient frequency or were transferred as listed stocks, the stocks were then reclassified from Level 3 to Level 1.

J. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

December 31, 2019		Valuation technique	Significant unobservable input	Range
Financial assets at fair value through profit or loss				
Equity instruments	\$ 1,157,756	1. Market Approach	P/E multiplier	13.53~27.96
		2. Discounted cash flow	P/B multiplier	0.81~9.63
			Marketability discount	≤ 40%
		3. Equity Model by L. Andersen and D. Buffum	Discount rate	5.45%~14.40%
			Price volatility	32.07%~36.83%
			Credit Spread	3.26%~5.92%
			Loss given default (LGD)	80%
Debt instruments	260,464	1. Hybrid Model	Price volatility	37.25%~39.25%
		2. Discounted cash flow	Credit Spread	5.58%~5.60%
			Loss given default (LGD)	80%
			Discount rate	0.4~7.76%
Others	759,132	Net asset value	Marketability discount	≤ 10%
Derivative instruments	12,571,050	1. Option Model	Dividend yield	1.82%~3.52%
		2. FDM	Price volatility	2.86%~22.27%
		3. Monte Carlo Simulation	Correlation coefficient	0.22~0.95
			Probability of default (PD)	0.03%~100%
		4. Hybrid Model	Loss given default (LGD)	45%
Financial assets at fair value through other comprehensive income				
Equity instruments	\$ 13,934,487	1. Market Approach	P/E multiplier	28.36~29.81
		2. Discounted cash flow	P/B multiplier	1~2.05
			Marketability discount	≤ 40%
		3. Residual Income model	Expected growth rate	1%
			Discount rate	10.4%~10.6%
Debt instruments	227,833	Discounted cash flow	Discount rate	0.4~7.76%
Financial liabilities at fair value through profit or loss				
Derivative and structured products	\$ 68,309,057	1. IR Model	Dividend yield	1.82%~3.52%
		2. HYBRID Model	Stock price volatility	0.73%~94.27%
		3. Option Model	Correlation coefficient	0.22~0.95
		4. FDM	Probability of default (PD)	0.03%~100%
		5. Monte Carlo Simulation	Loss given default (LGD)	45%

December 31, 2018		Valuation technique	Significant unobservable input	Range
Financial assets at fair value through profit or loss				
Equity instruments	\$ 1,558,948	1.Market Approach	P/E multiplier	13.52~29.36
		2.Discounted cash flow	P/B multiplier	0.73~10.88
			Marketability discount	≤ 40%
		3.Equity Model by L.Andersen and D.Buffum	Discount rate	7.57%~13.29%
			Price volatility	36.29%~49.10%
			Credit Spread	2.54%~5.92%
			Loss given default (LGD)	80%
Debt instruments	148,440	Hybrid Model	Price volatility	43.54%~45.54%
			Credit Spread	5.82%~5.92%
			Loss given default (LGD)	80%
Others	984,343	Net asset value	N/A	N/A
Derivative instruments	14,959,792	1.Option Model	Dividend yield	2.15% ~ 4.18%
		2.FDM	Price volatility	2.64%~22.01%
		3.Monte Carlo Simulation	Correlation coefficient	0.16 ~ 0.95
		4.Hybrid Model	Probability of default (PD)	0.03%~100%
			Loss given default (LGD)	45%
Financial assets at fair value through other comprehensive income				
Equity instruments	\$ 13,281,323	1.Market Approach	P/E multiplier	26.07~29.66
		2.Discounted cash flow	P/B multiplier	1
			Marketability discount	≤ 40%
		3.Residual Income model	Expected growth rate	2%
			Discount rate	12.59%~15.32%
Debt instruments	259,025	Discounted cash flow	Discount rate	0.87% ~ 8.49%
Financial liabilities at fair value through profit or loss				
Derivative and structured products	\$ 60,596,909	1.IR Model	Dividend yield	2.15% ~ 4.18%
		2.HYBRID Model	Stock price volatility	1.01%~99.68%
		3.Option Model	Correlation coefficient	0.16 ~ 0.95
		4.FDM	Probability of default (PD)	0.03%~100%
		5.Monte Carlo Simulation	Loss given default (LGD)	45%

K. Procedures for fair value valuations classified as Level 3

The verification of fair value of financial instruments classified as Level 3 by the Group is the responsibility of the parent company's risk management department. The risk management department evaluates the independence, reliability, consistency and representativeness of the data source, and periodically verifies the valuation models and adjustment parameters to ensure valuation procedures and results are in accordance with the requirements of the International Financial Reporting Standards.

- L. Fair value measurement to Level 3, and the sensitivity analysis of the substitutable appropriate assumption made on fair value.

The fair value measurement of the financial instruments made by the Group is deemed reasonable; however, different valuation model or input could result in different valuation result. Specifically, if the valuation input of financial instrument classified in Level 3 moves upward or downward by 1%, the effects on gain and loss in the period or the effects on other comprehensive income are as follows:

Fair value to Level 3 - sensitivity analysis (Consolidated)

	Change in fair value recognized in profit or loss		Change in fair value recognized in other comprehensive income	
	Favourable change	Unfavourable change	Favourable change	Unfavourable change
<u>December 31, 2019</u>				
<u>Assets</u>				
Financial assets at fair value through profit or loss	\$ 84,278	(\$ 66,135)	\$ -	\$ -
Derivative instruments	9,304	(9,303)	-	-
Financial assets at fair value through other comprehensive income	-	-	426,631	(349,274)
<u>Liabilities</u>				
Derivative instruments	\$ 18,121	(\$ 18,121)	\$ -	\$ -
<u>December 31, 2018</u>				
<u>Assets</u>				
Financial assets at fair value through profit or loss	\$ 76,624	(\$ 73,708)	\$ -	\$ -
Derivative instruments	265,296	(265,296)	-	-
Financial assets at fair value through other comprehensive income	-	-	484,586	(369,536)
<u>Liabilities</u>				
Derivative instruments	\$ 265,285	(\$ 265,285)	\$ -	\$ -

(7) Transfer of financial assets

A. Transferred financial assets partially derecognized

- (A) The Group transferred financial assets to others through transactions and derecognized whole or part of the related financial assets. When the Group transfers the contractual right of receiving the cash flow generated from the financial assets, or retains the above rights but assumes the contractual obligation to pay cash flows to one or more receivers while transferring almost all the ownership risks and rewards, the assets should be derecognized. If the Group still retains almost all the ownership risks and rewards of the financial assets, the financial asset should be recognized. If no transfer occurs, or almost all the ownership risk and rewards of the financial assets are retained together with the retained control, the financial asset with continuing involvement should be continually recognized.
- (B) Financial assets not qualified for derecognition are mainly (a) the convertible corporate bonds transferred to the trading counterparties through asset swap; and (b) liabilities on redeemable bonds of repo trade agreements. In the asset swap, the Group sells the convertible corporate bonds self-owned or obtained through underwriting as an underlying trading position to the trading counterparties and receives the sales proceeds. Within the contract terms, the interest rate agreed, the bond yield and the interest compensation of the convertible corporate bonds are swapped to obtain the rights to purchase back the convertible corporate bond from the trading counterparties at any given

time before the contract matures. Due to the options are not deep-in-the-money or deep-out-of-money in the transactions, further judgment towards retaining the control over the convertible corporate bonds should be made. Considering that the convertible corporate bonds are not easily accessible in the market, the Group still retains the control over the assets and continually follows the related accounting treatment.

Financial assets that do not meet criteria for de-recognition and the related financial liabilities are as follows:

December 31, 2019		
Financial assets category	Book value of transferred financial assets	Book value of relevant financial liabilities
Convertible corporate bonds of asset swap transferred to counterparties	\$ 17,768,247	\$ 16,078,957
Liabilities for bonds with repurchase agreements	200,812,603	197,115,606
December 31, 2018		
Financial assets category	Book value of transferred financial assets	Book value of relevant financial liabilities
Convertible corporate bonds of asset swap transferred to counterparties	\$ 15,222,310	\$ 14,446,943
Liabilities for bonds with repurchase agreements	204,483,567	202,343,602

(8) Offsetting financial assets and financial liabilities

The Group has transactions that are or are similar to net settled master netting arrangements but do not meet the offsetting criteria. The above transactions are settled on a net basis after offsetting financial assets with financial liabilities if both parties of the transaction choose to use net settlement; the above transactions are settled on a gross basis if both parties do not choose to use net settlement. However, if one party breaches the contract, the counterparty can choose to use net settlement.

The offsetting of financial assets and financial liabilities are set as follows:

A. Financial assets

December 31, 2019						
Description	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities set off	Amounts of financial assets presented in the balance sheet	Not set off in the balance sheet		Net amount
				Financial instruments	Cash collateral received	
Derivative instruments	\$ 4,372,445	\$ -	\$ 4,372,445	\$ 4,267,000	\$ 8,731	\$ 96,714
Investment in bonds under reverse purchase agreements	32,586,381	-	32,586,381	32,586,381	-	-
December 31, 2018						
Description	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities set off	Amounts of financial assets presented in the balance sheet	Not set off in the balance sheet		Net amount
				Financial instruments	Cash collateral received	
Derivative instruments	\$ 7,450,897	\$ -	\$ 7,450,897	\$ 7,368,962	\$ 12,908	\$ 69,027
Investment in bonds under reverse purchase agreements	30,517,178	-	30,517,178	30,517,178	-	-

B. Financial liabilities

December 31, 2019						
Description	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets set off	Amounts of financial liabilities presented in the balance sheet	Not set off in the balance sheet		Net amount
				Financial instruments	Cash collateral pledged	
Derivative instruments	\$ 5,599,404	\$ -	\$ 5,599,404	\$ 4,938,154	\$ -	\$ 661,250
Liabilities for bonds with repurchase agreements	197,115,606	-	197,115,606	197,035,842	79,764	-
December 31, 2018						
Description	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets set off	Amounts of financial liabilities presented in the balance sheet	Not set off in the balance sheet		Net amount
				Financial instruments	Cash collateral pledged	
Derivative instruments	\$ 11,789,747	\$ -	\$ 11,789,747	\$ 11,362,742	\$ 12,601	\$ 414,404
Liabilities for bonds with repurchase agreements	202,343,602	-	202,343,602	202,168,615	174,987	-

(9) Capital management

A. Capital adequacy of Yuanta Securities Co., Ltd.

To effectively absorb the potential loss that may be incurred from all types risks and ensure the long-term viability of the business development, the Company continuously, actively, and positively maintain adequate capital on the basis of business development plan, the relevant regulation and financial market environment, perform capital management actively and effectively, on the premise of capital adequacy to reach rationalization and optimization of capital allocation.

Capital adequacy of Yuanta Securities Co., Ltd. was summarized as follows:

(Unit: In thousands of NT Dollars)			
	Items	December, 2019	December, 2018
Self-owned capital			
	Total of Tier 1 Capital	92,247,166	92,740,267
	Deduction items from Tier 1 capital deductions	30,561,423	30,456,664
	Deduction items from Tier 2 capital deductions exceed the amount of Tier 2 capital	9,011,785	17,545,204
	Net of Tier 1 Capital	52,673,959	44,738,399
	Total of Tier 2 Capital	12,055,792	1,225,815
	Deduction items actual from Tier 2 capital deductions	12,055,792	1,225,815
	Net of Tier 2 Capital	-	-
	Tier 3 Capital	-	-
	Net amount of eligible regulatory capital	52,673,959	44,738,399
Overall risk equivalent			
	The equivalent amount of credit risk	2,906,854	2,251,161
	The equivalent amount of operational risk	2,888,562	2,737,522
	The equivalent amount of market risk	10,147,572	8,013,306
	Total	15,942,988	13,001,989
	Self-owned capital adequacy ratio	330%	344%

(A) Capital adequacy ratio = Net amount of eligible regulatory capital / Overall risk equivalent

(B) Net amount of eligible regulatory capital = Tier 1 capital + Tier 2 capital + Tier 3 capital – Deduction items

(C) Overall risk equivalent = The equivalent amount of market risk + The equivalent amount of credit risk + The equivalent amount of operating risk

a. Net amount of eligible regulatory capital (disclose by the important items):

(a) Tier 1 Capital

(Unit: In thousands of NT Dollars)			
	Items	December, 2019	December, 2018
	Common stock	57,820,321	54,056,442
	Capital reserve	543,932	1,858,215
	Retained earnings	27,290,308	29,464,168
	Translation differences for foreign operations	(2,318,911)	(1,524,299)
	Remeasurement arising on defined benefit plan	(52,316)	(2,590)
	Cumulative gains and losses to the end of the month	8,963,832	8,888,331
	Total	92,247,166	92,740,267

(b) Deduction items:

(Unit: In thousands of NT Dollars)		
Items	December, 2019	December, 2018
Intangible assets	9,493,847	11,685,645
Prepayments	68,185	82,510
Overseas investees	33,307,407	32,303,431
Financial assets held for long-term pledged, secured or refundable deposit	320,058	101,841
Domestic unlisted stocks and non-emerging stocks that are not attribute to fair value through profit or loss	5,603,234	347,298
Investments in financial institutions	337,400	1,934,367
Operating guarantee deposits, settlement and clearing fund, refundable deposits	1,912,738	1,528,246
Deferred income tax assets - non-current	558,400	1,221,959
Receivables from the related parties	27,730	22,385
Total	51,628,999	49,227,682

b. The equivalent amounts of operating risk: (disclose by the important items)

(a) The equivalent amount of market risk:

(Unit: In thousands of NT Dollars)		
Items	December, 2019	December, 2018
Interest rate risk	5,625,945	5,291,780
Equity risk	4,066,168	2,425,829
Foreign exchange risk	326,352	233,027
Commodity risk	129,107	62,671
Total	10,147,572	8,013,306

(b) The equivalent amount of credit risk:

(Unit: In thousands of NT Dollars)		
Items	December, 2019	December, 2018
Brokerage (including overseas - brokerage), money lending and credit transactions	1,632,148	883,988
Repo transactions and OTC derivatives	569,861	529,339
General on-balance-sheet transactions	615,888	588,652
General off-balance-sheet transactions	88,957	249,182
Total	2,906,854	2,251,161

- B. The Financial Resources Rules of Yuanta Securities (Hong Kong) and Yuanta Aisa Investment (Hong Kong). The calculation of the liquid assets is complied with the requirements of the Securities and Futures (Financial Resources) Rules announced by the Securities and Futures Commission of Hong Kong (SFC). The Rules are designed for the Hong Kong securities companies that are subject to local laws and regulations governing business activities of possible risks to ensure the Company has sufficient liquid assets to pay back related liabilities arising from operation on schedule.

The liquid capital profiles of Yuanta Securities (Hong Kong) and Yuanta Aisa Investment (Hong Kong) are as follows:

Items	(Unit: In thousands of HK Dollars)			
	December, 2019		December, 2018	
	Yuanta Securities (Hong Kong)	Yuanta Aisa Investment (Hong Kong)	Yuanta Securities (Hong Kong)	Yuanta Aisa Investment (Hong Kong)
Total liquid assets	6,313,176	9,894	4,663,253	10,002
Minus total ranking liabilities	5,571,176	606	3,904,321	462
Excess in liquid capital	742,000	9,288	758,932	9,540
Minimum liquid capital	3,000	3,000	3,000	3,000
Variable required liquid capital	255,440	30	171,873	23
Required liquid capital	255,440	3,000	171,873	3,000
Surplus of liquid assets	486,560	6,288	587,059	6,540

C. Yuanta Securities (Korea)

Yuanta Securities (Korea) complies with the capital adequacy standard established by Financial Services Commissions. To maintain sound capital structure, Net operating Capital Ratio (“NCR”) is calculated as an index for capital management; which would consequently protect investors in general. NCR is net operating capital, which can be immediately converted into cash, divided by the total risk. NCR provides the percentage of securities companies in Korea for net operating capital to gross risks, not less than 100%.

Net operating Capital Ratio of Yuanta Securities (Korea) was summarized as follows:

Items	(Unit: In thousands of KRW)	
	December 31, 2019	December 31, 2018
Net operating capital		
Net assets	\$ 1,270,951,832	\$ 1,195,163,601
Aggregate of deductions	395,217,220	317,357,169
Aggregate of additions	127,333,227	61,276,566
Total	1,003,067,839	939,082,998
Gross risks		
Market risk	\$ 137,599,781	\$ 122,418,235
Credit risk	119,078,021	97,722,417
Operational risk	51,319,147	45,064,015
Total	307,996,949	265,204,666
Surplus Capital	695,070,890	673,878,333
Statutory Capital	191,750,000	192,000,000
Necessary Capital	134,225,000	134,400,000
NCR	518%	501%

(A) $NCR = (\text{Net operating capital} - \text{Gross risks}) / \text{Necessary Capital}$

(B) $\text{Net operating capital} = \text{Net assets} - (\text{Aggregate of deductions}) + (\text{Aggregate of additions})$

(C) $\text{Gross risks} = \text{Market risk} + \text{Credit risk} + \text{Operational risk}$

D. Capital adequacy stress testing

The Group uses a variety of financial environment and macroeconomic forecasts and other conditions to set different stress scenarios applied to the capital adequacy stress tests to ensure that in different pressure situations, the Group is still able to continually maintain necessary and sufficient capital. When the pressure test results show that the Group is unable to maintain the necessary and sufficient capital, the following procedures will be performed:

- (A) Assess situational events' probability of occurrence and their impact on capital adequacy level;
- (B) Identify the largest impact of situational factors and the most severe impact of the position to capital adequacy;
- (C) Assess strategies when the event occurred;
- (D) Report to the senior management, adjust the allocation of risk assets,
- (E) Perform a program to strengthen capital.

Through the implementation of capital adequacy stress testing on a regular basis, the Group can ensure its ability to cope with potential risks, establish sound business management in advance, and enhance assets allocation and capital measures.

(BLANK)

(10) Information on impact of fluctuations in foreign exchange rates:

A. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the fluctuations of the foreign exchange rates is disclosed as follows:

	December 31, 2019			December 31, 2019		
	Foreign Currency			Foreign Currency		
	Amount			Amount		
	Currency	(in thousands)	Exchange rate	Currency	(in thousands)	Exchange rate
<u>Effect on profit or loss</u>						
Financial assets						
Cash and cash equivalents	USD	\$ 710,371	30.106	KRW	\$ 672,517,427	0.026
Financial assets at fair value through profit or loss	USD	577,230	30.106	KRW	7,038,520,942	0.026
Financial assets at fair value through other comprehensive income	USD	1,000,267	30.106	KRW	180,606,257	0.026
Accounts receivable	USD	56,440	30.106	KRW	200,359,773	0.026
Prepayments and other receivables	USD	584	30.106	KRW	12,297,079	0.026
Other current assets	USD	314,178	30.106	KRW	128,982,752	0.026
Non-current assets	USD	187	30.106	KRW	36,722,202	0.026
Financial liabilities						
Financial liabilities at fair value through profit or loss	USD	(513,057)	30.106	KRW	(1,896,191,866)	0.026
Liabilities for bonds with repurchase agreements	USD	(1,242,846)	30.106	KRW	(3,360,164,624)	0.026
Guarantee deposit received on security lent	USD	(829,381)	30.106	KRW	(83,168,201)	0.026
Other current liabilities	USD	(4,943)	30.106	KRW	(129,297,805)	0.026
Non-current liabilities	USD	(290)	30.106	KRW	(103,567,539)	0.026
<u>Effect on profit or loss or equity</u>						
Financial assets						
Investments accounted for under the equity method	USD	1,168,605	30.106	KRW	76,033,833	0.026

	December 31, 2018			December 31, 2018		
	Foreign Currency			Foreign Currency		
	Currency	Amount (in thousands)	Exchange rate	Currency	Amount (in thousands)	Exchange rate
<u>Effect on profit or loss</u>						
Financial assets						
Cash and cash equivalents	USD	\$ 488,381	30.733	KRW	\$ 580,352,736	0.028
Financial assets at fair value through profit or loss	USD	354,057	30.733	KRW	2,377,560,734	0.028
Financial assets at fair value through other comprehensive income	USD	1,031,265	30.733	KRW	175,973,792	0.028
Accounts receivable	USD	56,040	30.733	KRW	150,048,003	0.028
Prepayments and other receivables	USD	47,338	30.733	KRW	49,702,448	0.028
Other current assets	USD	314,787	30.733	KRW	230,343,884	0.028
Non-current assets	USD	10,816	30.733	KRW	581,049,219	0.028
Financial liabilities						
Financial liabilities at fair value through profit or loss	USD	126,752	30.733	KRW	1,283,614,306	0.028
Liabilities for bonds with repurchase agreements	USD	673,749	30.733	KRW	3,631,148,556	0.028
Guarantee deposit received on security lent	USD	570,907	30.733	KRW	2,542,806	0.028
Other current liabilities	USD	13,245	30.733	KRW	259,060,857	0.028
Non-current liabilities	USD	100,468	30.733	KRW	98,656,643	0.028
<u>Effect on profit or loss or equity</u>						
Financial assets						
Investments accounted for under the equity method	USD	-	30.733	KRW	67,316,543	0.028

B. For the years ended December 31, 2019 and 2018, exchange rate fluctuations for the Group's monetary items were recognized under gains (loss) on foreign exchange (including both realized and unrealized), amounting to \$597,813 and (\$139,503), respectively.

(11) Trust assets and liabilities

- A. As approved by Jin-Guan-Zheng-Quan Letter No. 0990059790 issued by the Ministry of Finance, the Company is permitted to provide wealth management services through specific cash trusts.

Approved by Jin-Guan-Zheng-Quan Letter No. 1050037138, the Company added the following business operation: Cash and securities trust services individually managed according to the operation scope or method specified by client.

With the approval of Jin-Guan-Zheng-Quan Letter No. 1020006740, the Company was permitted to engage in trust business concerning specific and separate securities management and separately managed securities trust (securities lending business) specified in the operating range or methods as designated by the clients.

As approved by Jin-Guan-Zheng-Tou Letter No. 1040030181, the Company is permitted to provide discretionary investment services through trusts.

For internal management purpose, the Company sets separate accounts and prepares separate financial statements for trust funds managed by the Company, and makes memorandums for assets entrusted to the Company.

- B. Pursuant to Article 17 of Enforcement Rules of the Trust Enterprise Act, balance sheet and statement of income of trust business and trust property catalog of the Company are disclosed as follows:

(A) Balance sheet of trust business

Balance Sheets of Trust Business			
December 31, 2019 and 2018			
	December 31, 2019	December 31, 2018	
<u>Trust assets</u>			
Bank deposits	\$ 1,355,356	\$ 1,131,786	
Bonds	24,257	-	
Stocks	5,878,387	7,215,549	
Funds	27,268,981	24,825,923	
Structured products	9,845,812	10,952,805	
Receivables	412,859	248,096	
Prepayments	289	288	
Total trust assets	<u>\$ 44,785,941</u>	<u>\$ 44,374,447</u>	
<u>Trust liabilities</u>			
Payables	\$ 48,590	\$ 57,476	
Tax payable	196	488	
Trust capital-Money trust	34,322,313	33,433,514	
Trust capital-Securities trust	5,003,761	7,751,297	
Gain for the period	2,798,174	652,928	
Retained earnings	3,128,184	3,030,179	
Deferred carry forward	(515,277)	(551,435)	
Total trust liabilities	<u>\$ 44,785,941</u>	<u>\$ 44,374,447</u>	

(B) Statement of income of trust business

Income statements of trust business			
For the years ended December 31, 2019 and 2018			
	For the years ended December 31,		
	2019	2018	
Trust revenue			
Interest income	\$ 573,802	\$ 532,076	
Realized investment income	1,017,585	1,128,896	
Unrealized investment income	1,410,374	-	
Gains on foreign exchange	-	293,320	
Rental income	60,159	85,507	
Dividend income	232,809	273,298	
Trust expense			
Administrative expenses	(34,798)	(34,572)	
Fees (Service charges)	(71,240)	(89,477)	
Unrealized investment loss	-	(1,527,872)	
Losses on foreign exchange	(381,323)	-	
Insurance expense	(2,670)	(2,877)	
Other expense	(9)	(26)	
Income before tax	2,804,689	658,273	
Income tax	(6,515)	(5,345)	
Income after tax	<u>\$ 2,798,174</u>	<u>\$ 652,928</u>	

(C) Trust property catalog

Trust property lists of Trust Business		
December 31, 2019 and 2018		
	December 31, 2019	December 31, 2018
Bank deposits	\$ 1,355,356	\$ 1,131,786
Bonds	24,257	-
Stocks	5,878,387	7,215,549
Funds	27,268,981	24,825,923
Structured products	9,845,812	10,952,805
Others	413,148	248,384
	<u>\$ 44,785,941</u>	<u>\$ 44,374,447</u>

(12) According to Ministry of Finance, Ruling No.1030026386, disclose the information as follows:

Offshore Securities Unit of the Company engaged in custody and investment of funds affairs on behalf of customers. Related bank deposits under such affairs on December 31, 2019 and 2018 were USD 3,896 thousand dollars and USD 12,619 thousand dollars, respectively.

(13) Restrictions and enforcement of the Company's various financial ratios under R.O.C. Futures Commission Merchant Laws.

Article	Calculation formula	December 31, 2019		December 31, 2018		Standard	Enforcement
		Calculation	Ratio	Calculation	Ratio		
17	Shareholders' equity	4,441,181	4.29	3,917,486	4.32	≥ 1	Satisfied
	(Total liabilities - Futures traders' equity)	1,036,459		907,352			
17	Current assets	5,466,817	9.81	4,812,843	10.39	≥ 1	Satisfied
	Current liabilities	557,176		463,256			
22	Shareholders' equity	4,441,181	1110.30%	3,917,486	979.37%	$\geq 60\%$	Satisfied
	Minimum paid-in capital	400,000		400,000		$\geq 40\%$	
22	Adjusted net capital(ANC)	3,403,730	270.32%	3,356,996	400.97%	$\geq 20\%$	Satisfied
	The total amount of customer margin required by the non-offset position for the futures dealer	1,259,158		837,229		$\geq 15\%$	

13. ADDITIONAL DISCLOSURES REQUIRED BY THE SECURITIES AND FUTURES BUREAU

(1) Related information of significant transactions

A. Lending to others: None.

B. Endorsements and guarantees for others:

Number	Endorser / guarantor	Party being endorsed/guaranteed		Limit on endorsements / guarantees provided for a single party	Maximum outstanding endorsement / guarantee amount during the year ended December 31, 2019	Outstanding endorsement / guarantee amount at December 31, 2019	Actual amount drawn down	Amount of endorsements / guarantees secured with collateral	Ratio of accumulated endorsement / guarantee amount to net asset value of the endorser / guarantor company	Ceiling on total amount of endorsements / guarantees provided (Note 1)	Provision of endorsements / guarantees by parent company to subsidiary	Provision of endorsements / guarantees by subsidiary to parent company	Provision of endorsements / guarantees to the party in Mainland China	Note
		Company Name	Reason											
0	Yuanta Securities Co., Ltd.	PT Yuanta Sekuritas Indonesia	Overseas subsidiary's loans from local financial institutions for business purpose.	\$ 20,104,416	\$ 235,751	\$ 105,371	\$ -	\$ -	0.10%	\$ 40,208,833	Yes	No	No	
0	Yuanta Securities Co., Ltd.	Yuanta Securities (Thailand) Co., Ltd.	Overseas subsidiary's loans from local financial institutions for business purpose.	20,104,416	3,024,795	1,006,595	100,910	-	1.00%	40,208,833	Yes	No	No	

Note 1: In accordance with the Company's "Procedures for Provision of Endorsements and Guarantees", the total endorsements/guarantees granted and endorsements/guarantees granted to a single party for Yuanta Securities Co., Ltd. should not exceed 40% and 20% of the net worth of the Company's latest audited/reviewed financial statements, respectively.

C. Acquisitions of real estate exceeding NT\$300,000,000 or 20 percent of contributed capital: None.

D. Disposals of real estate exceeding NT\$300,000,000 or 20 percent of contributed capital: None.

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

F. Receivables from related parties exceeding NT\$100,000,000 or 20 percent of contributed capital:

Creditor	Counterparty	Relationship with the Company	Accounts receivable Balance - related parties	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Provision for loss allowance
					Amount	Action taken		
Yuanta Securities Co., Ltd.	Yuanta Financial Holdings Co., Ltd.	Affiliated company	\$ 781,612	N/A	\$ -	N/A	\$ -	\$ -

G. Significant transactions between parent company and its subsidiaries (For the year ended December 31, 2019)

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Details of transactions			
				Account	Amount	Conditions	Percentage (%) of total consolidated net revenues or assets (Note 3)
0	Yuanta Securities Co.,Ltd	Yuanta International Insurance Brokers Co., Ltd.	1	Other receivables-related parties	18,000		0.00%
1	Yuanta International Insurance Brokers Co., Ltd.	Yuanta Securities Co.,Ltd	2	Accounts payables - related parties	18,000		0.00%
0	Yuanta Securities Co.,Ltd	Yuanta International Insurance Brokers Co., Ltd.	1	Other gains and losses	220,658	Note 4	0.54%
1	Yuanta International Insurance Brokers Co., Ltd.	Yuanta Securities Co.,Ltd	2	Other operating expenses	220,658	Note 4	0.54%
0	Yuanta Securities Co.,Ltd	Yuanta Securities (Hong Kong) Co., Ltd.	1	Guarantee deposit received on security lent	89,837		0.01%
3	Yuanta Securities (Hong Kong) Co., Ltd.	Yuanta Securities Co.,Ltd	2	Deposits on securities borrowed	89,837		0.01%
0	Yuanta Securities Co.,Ltd	Yuanta Securities (Hong Kong) Co., Ltd.	1	Accounts receivable	44,260		0.01%
0	Yuanta Securities Co.,Ltd	Yuanta Securities (Hong Kong) Co., Ltd.	1	Accounts receivable-related parties	863		0.00%
0	Yuanta Securities Co.,Ltd	Yuanta Securities (Hong Kong) Co., Ltd.	1	Accounts payable	39,970		0.01%
0	Yuanta Securities Co.,Ltd	Yuanta Securities (Hong Kong) Co., Ltd.	1	Accounts payable - related parties	1,292		0.00%
3	Yuanta Securities (Hong Kong) Co., Ltd.	Yuanta Securities Co.,Ltd	2	Accounts receivable-related parties	124,262		0.02%
3	Yuanta Securities (Hong Kong) Co., Ltd.	Yuanta Securities Co.,Ltd	2	Accounts payable - related parties	128,123		0.02%
0	Yuanta Securities Co.,Ltd	Yuanta Securities (Hong Kong) Co., Ltd.	1	Brokerage fee revenue	13,813	Note 4	0.03%
0	Yuanta Securities Co.,Ltd	Yuanta Securities (Hong Kong) Co., Ltd.	1	Other operating expenditure	283	Note 4	0.00%
0	Yuanta Securities Co.,Ltd	Yuanta Securities (Hong Kong) Co., Ltd.	1	Other operating expenses	36	Note 4	0.00%

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Details of transactions			
				Account	Amount	Conditions	Percentage (%) of total consolidated net revenues or assets (Note 3)
3	Yuanta Securities (Hong Kong) Co., Ltd.	Yuanta Securities Co.,Ltd	2	Brokerage fee revenue	26,248	Note 4	0.06%
3	Yuanta Securities (Hong Kong) Co., Ltd.	Yuanta Securities Co.,Ltd	2	Handling charges-brokerage	12,116	Note 4	0.03%
0	Yuanta Securities Co.,Ltd	Yuanta Securities Finance	1	Refinancing margin	18,360		0.00%
2	Yuanta Securities Finance	Yuanta Securities Co.,Ltd	2	Guarantee deposit received from short sales	18,360		0.00%
0	Yuanta Securities Co.,Ltd	Yuanta Securities Finance	1	Refinancing deposits receivable	15,329		0.00%
2	Yuanta Securities Finance	Yuanta Securities Co.,Ltd	2	Deposit payable for short sales	15,329		0.00%
0	Yuanta Securities Co.,Ltd	Yuanta Securities Finance	1	Advance collections	292		0.00%
0	Yuanta Securities Co.,Ltd	Yuanta Securities Finance	1	Other gains and losses	10,529	Note 4	0.03%
2	Yuanta Securities Finance	Yuanta Securities Co.,Ltd	2	Right-of-use assets	31,131		0.00%
2	Yuanta Securities Finance	Yuanta Securities Co.,Ltd	2	Depreciation and amortization expense	1,729		0.00%
2	Yuanta Securities Finance	Yuanta Securities Co.,Ltd	2	Lease liabilities - non current	19,114		0.00%
2	Yuanta Securities Finance	Yuanta Securities Co.,Ltd	2	Lease liabilities - current	10,307		0.00%
2	Yuanta Securities Finance	Yuanta Securities Co.,Ltd	2	Financial costs	59	Note 4	0.00%
2	Yuanta Securities Finance	Yuanta Securities Co.,Ltd	2	Other operating expenses	9,043	Note 4	0.02%
2	Yuanta Securities Finance	Yuanta Securities Co.,Ltd	2	Other gains and losses	9	Note 4	0.00%
2	Yuanta Securities Finance	Yuanta Securities Co.,Ltd	2	Depreciation and amortization expense	1,729	Note 4	0.00%

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Details of transactions			
				Account	Amount	Conditions	Percentage (%) of total consolidated net revenues or assets (Note 3)
3	Yuanta Securities (Hong Kong) Co., Ltd.	Yuanta Securities Asia Financial Services, Ltd.	3	Interest income	17,888	Note 4	0.04%
4	Yuanta Securities Asia Financial Services, Ltd.	Yuanta Securities (Hong Kong) Co., Ltd.	3	Financial costs	17,888	Note 4	0.04%
4	Yuanta Securities Asia Financial Services, Ltd.	Yuanta Securities Vietnam Limited Company	3	Other receivables-related parties	543,896		0.07%
16	Yuanta Securities Vietnam Limited Company	Yuanta Securities Asia Financial Services, Ltd.	3	Short-term loans	541,853		0.07%
16	Yuanta Securities Vietnam Limited Company	Yuanta Securities Asia Financial Services, Ltd.	3	Other payables	2,043		0.00%
4	Yuanta Securities Asia Financial Services, Ltd.	Yuanta Securities Vietnam Limited Company	3	Other gains and losses	13,583	Note 4	0.03%
16	Yuanta Securities Vietnam Limited Company	Yuanta Securities Asia Financial Services, Ltd.	3	Financial costs	13,583	Note 4	0.03%
4	Yuanta Securities Asia Financial Services, Ltd.	Yuanta Securities Korea Co., Ltd.	3	Cash and cash equivalent	32,075		0.00%
6	Yuanta Securities Korea Co., Ltd.	Yuanta Securities Asia Financial Services, Ltd.	3	Other financial liabilities - current	32,075		0.00%
4	Yuanta Securities Asia Financial Services, Ltd.	Yuanta Securities (Thailand) Co., Ltd.	3	Other gains and losses	13,970	Note 4	0.03%
13	Yuanta Securities (Thailand) Co., Ltd.	Yuanta Securities Asia Financial Services, Ltd.	3	Financial costs	13,970	Note 4	0.03%
4	Yuanta Securities Asia Financial Services, Ltd.	PT Yuanta Sekuritas Indonesia	3	Other receivables-related parties	303,115		0.04%
11	PT Yuanta Sekuritas Indonesia	Yuanta Securities Asia Financial Services, Ltd.	3	Short-term loans	301,125		0.04%
11	PT Yuanta Sekuritas Indonesia	Yuanta Securities Asia Financial Services, Ltd.	3	Other payables-related parties	1,990		0.00%
4	Yuanta Securities Asia Financial Services, Ltd.	PT Yuanta Sekuritas Indonesia	3	Other gains and losses	11,389	Note 4	0.03%
11	PT Yuanta Sekuritas Indonesia	Yuanta Securities Asia Financial Services, Ltd.	3	Financial costs	11,389	Note 4	0.03%

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Details of transactions			
				Account	Amount	Conditions	Percentage (%) of total consolidated net revenues or assets (Note 3)
3	Yuanta Securities (Hong Kong) Co., Ltd.	Yuanta International Investment (Hong Kong) Ltd..	3	Financial assets at fair value through profit or loss-current	11,329		0.00%
3	Yuanta Securities (Hong Kong) Co., Ltd.	Yuanta International Investment (Hong Kong) Ltd..	3	Financial liabilities at fair value through profit or loss-current	68,980		0.01%
8	Yuanta International Investment (Hong Kong) Ltd..	Yuanta Securities (Hong Kong) Co., Ltd.	3	Financial liabilities at fair value through profit or loss-current	11,329		0.00%
8	Yuanta International Investment (Hong Kong) Ltd..	Yuanta Securities (Hong Kong) Co., Ltd.	3	Financial assets at fair value through profit or loss-current	68,980		0.01%
3	Yuanta Securities (Hong Kong) Co., Ltd.	Yuanta International Investment (Hong Kong) Ltd..	3	Investments in bonds under reverse repurchase agreements	580,913		0.08%
8	Yuanta International Investment (Hong Kong) Ltd..	Yuanta Securities (Hong Kong) Co., Ltd.	3	Liabilities for bonds with repurchase agreements	580,913		0.08%
3	Yuanta Securities (Hong Kong) Co., Ltd.	Yuanta International Investment (Hong Kong) Ltd..	3	Customer margin accounts	46,098		0.01%
3	Yuanta Securities (Hong Kong) Co., Ltd.	Yuanta International Investment (Hong Kong) Ltd..	3	Futures traders' equity	46,098		0.01%
3	Yuanta Securities (Hong Kong) Co., Ltd.	Yuanta International Investment (Hong Kong) Ltd..	3	Accounts payable - related parties	21,562		0.00%
3	Yuanta Securities (Hong Kong) Co., Ltd.	Yuanta International Investment (Hong Kong) Ltd..	3	Other financial liabilities - current	12,477		0.00%
8	Yuanta International Investment (Hong Kong) Ltd..	Yuanta Securities (Hong Kong) Co., Ltd.	3	Accounts receivable-related parties	34,039		0.00%
3	Yuanta Securities (Hong Kong) Co., Ltd.	Yuanta International Investment (Hong Kong) Ltd..	3	Interest income	15,850	Note 4	0.04%
8	Yuanta International Investment (Hong Kong) Ltd..	Yuanta Securities (Hong Kong) Co., Ltd.	3	Financial costs	15,850	Note 4	0.04%
3	Yuanta Securities (Hong Kong) Co., Ltd.	Yuanta Investment Management(Cayman) Ltd.	3	Investments in bonds under reverse repurchase agreements	1,526,522		0.21%
12	Yuanta Investment Management(Cayman) Ltd.	Yuanta Securities (Hong Kong) Co., Ltd.	3	Liabilities for bonds with repurchase agreements	1,526,522		0.21%
3	Yuanta Securities (Hong Kong) Co., Ltd.	Yuanta Investment Management(Cayman) Ltd.	3	Accounts receivable-related parties	25,265		0.00%

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Details of transactions			
				Account	Amount	Conditions	Percentage (%) of total consolidated net revenues or assets (Note 3)
3	Yuanta Securities (Hong Kong) Co., Ltd.	Yuanta Investment Management(Cayman) Ltd.	3	Other financial liabilities - current	78		0.00%
12	Yuanta Investment Management(Cayman) Ltd.	Yuanta Securities (Hong Kong) Co., Ltd.	3	Accounts receivable-related parties	11,651		0.00%
12	Yuanta Investment Management(Cayman) Ltd.	Yuanta Securities (Hong Kong) Co., Ltd.	3	Accounts payable - related parties	13,536		0.00%
3	Yuanta Securities (Hong Kong) Co., Ltd.	Yuanta Investment Management(Cayman) Ltd.	3	Interest income	104,664	Note 4	0.26%
12	Yuanta Investment Management(Cayman) Ltd.	Yuanta Securities (Hong Kong) Co., Ltd.	3	Financial costs	104,664	Note 4	0.26%
3	Yuanta Securities (Hong Kong) Co., Ltd.	Yuanta Securities Asia Financial Services, Ltd.	3	Financial assets at fair value through profit or loss-current	561,633		0.08%
3	Yuanta Securities (Hong Kong) Co., Ltd.	Yuanta Securities Asia Financial Services, Ltd.	3	Other receivables	123		0.00%
4	Yuanta Securities Asia Financial Services, Ltd.	Yuanta Securities (Hong Kong) Co., Ltd.	3	Bonds payable	560,902		0.08%
4	Yuanta Securities Asia Financial Services, Ltd.	Yuanta Securities (Hong Kong) Co., Ltd.	3	Investment accounted for under the equity method	871		0.00%
4	Yuanta Securities Asia Financial Services, Ltd.	Yuanta Securities (Hong Kong) Co., Ltd.	3	Financial assets at fair value through profit or loss-current	263		0.00%
6	Yuanta Securities Korea Co., Ltd.	Yuanta Investment Co.,Ltd	3	Other gains and losses	13,484	Note 4	0.03%
7	Yuanta Investment Co.,Ltd	Yuanta Securities Korea Co., Ltd.	3	Other operating expenses	13,484	Note 4	0.03%
6	Yuanta Securities Korea Co., Ltd.	Yuanta Securities Asia Financial Services, Ltd.	3	Bonds payable	2,778,233		0.38%
6	Yuanta Securities Korea Co., Ltd.	Yuanta Securities Asia Financial Services, Ltd.	3	Paid-in capital - share options	553,770		0.08%
6	Yuanta Securities Korea Co., Ltd.	Yuanta Securities Asia Financial Services, Ltd.	3	Other payables	1,094		0.00%
6	Yuanta Securities Korea Co., Ltd.	Yuanta Securities Asia Financial Services, Ltd.	3	Financial costs	186,118	Note 4	0.45%

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Details of transactions			
				Account	Amount	Conditions	Percentage (%) of total consolidated net revenues or assets (Note 3)
4	Yuanta Securities Asia Financial Services, Ltd.	Yuanta Securities Korea Co., Ltd.	3	Financial assets at fair value through profit or loss-current	2,737,123		0.37%
4	Yuanta Securities Asia Financial Services, Ltd.	Yuanta Securities Korea Co., Ltd.	3	Other receivables-related parties	736		0.00%
4	Yuanta Securities Asia Financial Services, Ltd.	Yuanta Securities Korea Co., Ltd.	3	Investment accounted for under the equity method	317,026		0.04%
4	Yuanta Securities Asia Financial Services, Ltd.	Yuanta Securities Korea Co., Ltd.	3	Share of profit (loss) of associates and joint ventures accounted for under the equity method	28,407	Note 4	0.07%
4	Yuanta Securities Asia Financial Services, Ltd.	Yuanta Securities Korea Co., Ltd.	3	Other gains and losses	39,489	Note 4	0.10%
4	Yuanta Securities Asia Financial Services, Ltd.	Yuanta Securities Korea Co., Ltd.	3	Interest income	136,053	Note 4	0.33%
4	Yuanta Securities Asia Financial Services, Ltd.	Yuanta Securities Korea Co., Ltd.	3	Translation differences for foreign operations	56,267		0.01%
4	Yuanta Securities Asia Financial Services, Ltd.	Yuanta Securities Korea Co., Ltd.	3	Non- controlling interests	182,456		0.02%
4	Yuanta Securities Asia Financial Services, Ltd.	Yuanta Securities Korea Co., Ltd.	3	Non- controlling interests profit	21,658		0.05%

Note 1: The numbers in the No. column represent as follows:

- 0 for the parent company
- 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:

- Parent company to subsidiary.
- Subsidiary to parent company.
- Subsidiary to subsidiary.

Note 3: The calculation basis of the trading amount accounting for the total consolidated net revenues or assets is that the account ending balance is divided by the total consolidated assets if it is attributed to the balance sheet accounts, and the accumulated trading amount of the interim period is divided by the total consolidated net revenues if it is attributed to the profit or loss accounts.

Note 4: The income of related party transactions is according to the agreed contract price deal.

(2) Disclosure information of investee company

Name of the investor	Name of the investment company	Address	Date of registration	Reference number and the date of approval letter issued by FSC	Major Operating activities	Original investment		Period-end holding balance			Revenues of investee company	Net income (loss) of investee company	Investment income (loss) recognized by the Company	Cash dividends	Note
						Balance at December 31, 2019	Balance at December 31, 2018	Thousands of shares	Percentage	Book value					
Yuanta Securities Co., Ltd.	Yuanta Securities Asia Financial Services Ltd.	Bermudas Islands	1996.06.11	1996.05.21 (85) Tai-Cai-Zheng (2) Letter No.30006	Securities investment and holding	\$ 11,557,424	\$ 11,557,424	290,909	100.00%	\$ 33,307,407	\$ 142,447	\$ 1,482,599	\$ 1,482,599	\$ -	Subsidiary of the Company (Note 1)
"	Yuanta International Insurance Brokers Co., Ltd.	ROC	2001.07.05		Insurance brokerage	5,550	5,550	500	100.00%	261,575	876,722	251,025	250,994	256,418	Subsidiary of the Company (Note 1)
"	Yuanta Securities Finance Co., Ltd.	ROC	1980.03.10		Securities financing and refinancing to securities firms and related business	8,818,069	-	400,000	100.00%	10,032,621	760,165	490,547	435,893	306,290	Subsidiary of the Company (Note 1)
Yuanta Securities Asia Financial Services Ltd.	Yuanta Securities Holding (BVI) Ltd.	British Virgin Islands	2002.11.06	2000.04.12 (89) Tai-Cai-Zheng (2) Letter No.21821	Securities investment and holding	343	343	10	100.00%	9,879	4	2,387	-	-	Indirect subsidiary of the Company (Note 1)
"	Yuanta Securities (Hong Kong)	Hong Kong	1992.10.22	1993.06.25 (82) Tai-Cai-Zheng (2) Letter No.10970	Securities trading, futures contracts trading, Advising securities, Advising institutions' financing and providing assets management services	9,151,651	9,151,651	2,268,133	100.00%	8,042,147	2,292,014	257,793	-	-	Indirect subsidiary of the Company (Note 1)
"	Yuanta Asia Investment (Hong Kong) Ltd.	Hong Kong	1993.07.08	2001.06.11 (90) Tai-Cai-Zheng (2) Letter No.134851	Securities trading, futures contracts trading and providing assets management services	1,165,143	38,872	293,892	100.00%	1,076,864	(10)	(61,787)	-	-	Indirect subsidiary of the Company (Note 1)
"	Yuanta Securities Korea Co., Ltd.	Korea	1962.06.04	2014.04.24 Jin-Guan-Zheng-Quan Letter No.1030012748	Securities trading, Advising on securities, Advising on futures contracts, Underwriting, Asset management, Financial advisory, Futures contracts	8,675,515	8,571,137	110,493	55.36%	17,700,624	14,059,217	2,158,298	-	-	Indirect subsidiary of the Company (Note 1)

Name of the investor	Name of the investment company	Address	Date of registration	Reference number and the date of approval letter issued by FSC	Major Operating activities	Original investment		Period-end holding balance			Revenues of investee company	Net income (loss) of investee company	Investment income (loss) recognized by the Company	Cash dividends	Note
						Balance at December 31, 2019	Balance at December 31, 2018	Thousands of shares	Percentage	Book value					
Yuanta Securities Aisa Financial Service , Ltd.	Yuanta Hong Kong Holdings (Cayman) Ltd.	Cayman Islands	1996.11.05	1996.12.18 (85) Tai-Cai-Zheng (2) Letter No.70605	Securities investment and holding	\$ 326,069	\$ 326,069	\$ 10,074	100.00%	\$ 340,200	\$ 11	\$ 10,520	\$ -	\$ -	Indirect subsidiary of the Company (Note 1)
"	Yuanta Securities (UK) Co., Ltd.	UK	2015.04.27	2015.01.26 Jin-Guan-Zheng-Quan Letter No.1040001444	Legal entities brokerage	94,096	94,096	2,000	100.00%	61,221	-	(749)	-	-	Indirect subsidiary of the Company
"	Yuanta Securities (Tailand) Co., Ltd.	Tailand	1988.10.27	2016.06.14 Jin-Guan-Zheng-Quan Letter No.1050020901	Securities brokerage, dealing and underwriting, Investment advisory, Mutual fund management, Privately offered fund management, Securities lending, Venture capital fund management, Derivative products brokerage and dealing, Investment advisory, Derivatives fund management	4,259,484	4,259,484	450,000	99.99%	4,919,871	1,873,165	55,836	-	-	Indirect subsidiary of the Company (Note 1)
"	Yuanta Securities Vietnam Limited Company	Vietnam	1999.10.18	2006.08.18 Jin-Guan-Zheng-Quan Letter No.0950134572	Brokerage Dealing Underwriting	1,330,893	1,330,893	85,242	85.24%	1,467,511	291,748	15,969	-	-	Indirect subsidiary of the Company (Note 1)
Yuanta Asia Investment (Hong Kong) Ltd.	Yuanta Asia Investment Ltd.	British Virgin Islands	2014.04.10	2014.03.31 Jin-Guan-Zheng-Quan Letter No.1030006761	Investment, Venture capital business, Venture capital fund raising and management, Investment advisory	1,081,050	926,950	35,000	100.00%	1,033,567	62,419	16,448	-	-	Indirect subsidiary of the Company (Note 1)
Yuanta Securities Korea Co., Ltd.	Yuanta Investment Co., Ltd.	Korea	1989.04.22	2014.04.24 Jin-Guan-Zheng-Quan Letter No.1030012748	Investment	1,662,011	1,662,011	6,401	100.00%	1,464,742	118,618	148,585	-	-	Indirect subsidiary of the Company (Note 1)
Yuanta Securities Korea Co., Ltd.	Yuanta Financial (Hong Kong)	Hong Kong	2009.04.29	2014.04.24 Jin-Guan-Zheng-Quan Letter No.1030012748	Securities investment and holding	801,918	801,918	18,954	100.00%	509,520	1,989	625	-	-	Indirect subsidiary of the Company (Note 1)

Name of the investor	Name of the investment company	Address	Date of registration	Reference number and the date of approval letter issued by FSC	Major Operating activities	Original investment		Period-end holding balance			Revenues of investee company	Net income (loss) of investee company	Investment income (loss) recognized by the Company	Cash dividends	Note
						Balance at December 31, 2019	Balance at December 31, 2018	Thousands of shares	Percentage	Book value					
Yuanta Securities Korea Co., Ltd.	Woori Asset Management Corp.	Korea	1989.08.01	2014.04.24 Jin-Guan-Zheng-Quan Letter No.1030012748	Asset management	\$ 368,898	\$ 368,898	\$ 1,080	27.00%	\$ 742,961	\$ 640,914	\$ 227,732	\$ -	\$ -	Investees under the equity method (Note 1)
Yuanta Financial (Hong Kong) Ltd.	Yuanta Securities (Cambodia) Ltd.	Cambodia	2010.02.24	2014.04.24 Jin-Guan-Zheng-Quan Letter No.1030012748	Underwriting, Financial advisory	377,160	377,160	12,500	100.00%	377,578	37,886	8,555	-	-	Indirect subsidiary of the Company (Note 1)
Yuanta Securities (Hong Kong) Co., Ltd.	Yuanta International Investment (Hong Kong) Ltd.	Hong Kong	2015.01.12	2014.12.12 Jin-Guan-Zheng-Quan Letter No.1030044286	Issuance of financial commodities	204,189	204,189	50,000	100.00%	239,541	36,658	13,538	-	-	Indirect subsidiary of the Company (Note 1)
"	Yuanta Finance (Hong Kong) Ltd.	Hong Kong	2014.12.31	2014.12.12 Jin-Guan-Zheng-Quan Letter No.1030044286	Credit loans	204,189	204,189	50,000	100.00%	213,722	9,203	(19,373)	-	-	Indirect subsidiary of the Company (Note 1)
"	Yuanta Investment Management (Cayman) Co., Ltd.	Cayman Islands	1994.01.14	2001.06.11 (90) Tai-Cai-Zheng (2) Letter No.134851	Investment management	350,108	350,108	12,500	100.00%	311,389	158,818	31,534	-	-	Indirect subsidiary of the Company (Note 1)
"	Yuanta Securities Vietnam Limited Company	Vietnam	1999.10.18	2006.08.18 Jin-Guan-Zheng-Quan Letter No.0950134572	Brokerage Dealing Underwriting	406,828	406,828	14,758	14.76%	254,381	291,748	15,969	-	-	Indirect subsidiary of the Company (Note 1)
"	PT Yuanta Sekuritas Indonesia	Indonesia	1989.11.22	2014.12.12 Jin-Guan-Zheng-Quan Letter No.1030044286	Securities trading, Underwriting	1,009,676	1,009,676	474	99.00%	728,419	152,074	(122,245)	-	-	Indirect subsidiary of the Company (Note 1)
"	PT Yuanta Asset Management	Indonesia	2011.02.02	2014.12.12 Jin-Guan-Zheng-Quan Letter No.1030044286	Investment management	-	-	-	0.002%	-	1,525	(21,869)	-	-	Indirect subsidiary of the Company (Note 1)
PT Yuanta Sekuritas Indonesia	PT Yuanta Asset Management	Indonesia	2011.02.02	2014.12.12 Jin-Guan-Zheng-Quan Letter No.1030044286	Investment management	120,914	107,924	51	99.998%	111,255	1,525	(21,869)	-	-	Indirect subsidiary of the Company (Note 1)

Note 1: Recognition is based on the investee's audited financial statements of the same period.

A. Loans to others:

Number	Creditor	Borrower	General ledger account	Is related party	Maximum outstanding balance during the year ended December 31, 2019	Balance at December 31, 2019	Actual amount drawn down	Interest rate	Nature of Loan	Amount of transactions with the borrower	Reason for short-term financing	Provision for loss allowance	Collateral		Limit on loans granted to a single party (Note 1)	Ceiling on total loans granted (Note 2)
													Item	Value		
1	Yuanta Securities Asia Financial Services Ltd.	PT Yuanta Sekuritas Indonesia	Accounts receivable - related party	Yes	\$ 602,120	\$ 301,060	\$ 301,060	3.50%	Short-term financing	\$ -	Business revolving fund	\$ -	-	-	\$ 33,327,396	\$ 33,327,396
1	"	Yuanta Investment Management (Cayman) Co., Ltd.	"	"	903,180	-	-	0.00%	Short-term financing	-	Business revolving fund	-	-	-	33,327,396	33,327,396
1	"	Yuanta Securities (Tailand) Co., Ltd.	"	"	3,161,130	3,161,130	-	0.00%	Short-term financing	-	Business revolving fund	-	-	-	33,327,396	33,327,396
1	"	Yuanta Asia Investment Ltd.	"	"	752,650	-	-	0.00%	Short-term financing	-	Business revolving fund	-	-	-	33,327,396	33,327,396
1	"	Yuanta Securities Vietnam Limited Company	"	"	1,204,240	903,180	541,908	3.14~3.25%	Short-term financing	-	Business revolving fund	-	-	-	33,327,396	33,327,396
2	Yuanta Hong Kong Holdings (Cayman) Ltd.	Yuanta Securities Asia Financial Services Ltd.	"	"	406,431	-	-	0.00%	Short-term financing	-	Business revolving fund	-	-	-	340,200	340,200
3	PT Yuanta Sekuritas Indonesia	PT Yuanta Asset Management	"	"	13,038	13,038	6,845	10.00%	Short-term financing	-	Business revolving fund	-	-	-	735,778	735,778

Note 1: Yuanta Securities Asia Financial Service Ltd.'s ceiling on total loans granted and limit on loans granted to a single party shall not exceed the net value in its latest financial statements audited or reviewed by an independent accountant.

Note 2: Yuanta Hong Kong Holdings (Cayman) Ltd.'s ceiling on total loans granted and limit on loans granted to a single party shall not exceed the net value in its latest financial statements audited or reviewed by an independent accountant.

Note 3: PT Yuanta Sekuritas Indonesia's ceiling on total loans granted and limit on loans granted to a single party shall not exceed the net value in its latest financial statements audited or reviewed by an independent accountant.

B. Provision of endorsements and guarantees to others:

Number	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements /guarantees provided for a single party	Maximum outstanding endorsement /guarantee amount during the year ended December 31, 2019	Outstanding endorsement /guarantee amount at December 31, 2019	Actual amount drawn down	Amount of endorsements /guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/guarantor company	Ceiling on total amount of endorsements /guarantees provided (note)	Provision of endorsements /guarantees by parent company to subsidiary	Provision of endorsements /guarantees by subsidiary to parent company	Provision of endorsements /guarantees to the party in Mainland China
		Company Name	Reason										
1	Yuanta Securities Asia Financial Services Ltd.	Yuanta Securities (Hong Kong) Co., Ltd.	Provision of endorsements and guarantees between securities firm's overseas subsidiaries	\$ 33,327,396	\$ 1,505,300	\$ -	\$ -	\$ -	0.00%	\$ 33,327,396	Yes	No	No
1	Yuanta Securities Asia Financial Services Ltd.	Yuanta Securities (Thailand) Co., Ltd.	Provision of endorsements and guarantees between securities firm's overseas subsidiaries	33,327,396	2,952,488	2,500,898	-	-	7.50%	33,327,396	Yes	No	No
1	Yuanta Securities Asia Financial Services Ltd.	PT Yuanta Sekuritas Indonesia	Provision of endorsements and guarantees between securities firm's overseas subsidiaries	33,327,396	297,662	86,920	-	-	0.26%	33,327,396	Yes	No	No
1	Yuanta Securities Asia Financial Services Ltd.	Yuanta Securities Vietnam Limited Company	Provision of endorsements and guarantees between securities firm's overseas subsidiaries	33,327,396	761,682	611,152	90,318	-	1.83%	33,327,396	Yes	No	No

Note: In accordance with the Company's "Procedures For Provision Of Endorsements And Guarantees", total endorsements and guarantees provided to others or a single party cannot exceed the net assets value in Yuanta Securities Asia Financial Services Ltd.'s latest audited/reviewed financial statements.

C. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.

D. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.

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

F. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more:

Creditor	Counterparty	Relationship with the Company	Accounts receivable Balance - related parties	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Provision for loss allowance
					Amount	Action taken		
Yuanta Securities (Hong Kong) Ltd.	Yuanta Securities Co., Ltd.	Affiliated company	\$ 124,262	N/A	\$ -	N/A	\$ 124,262	\$ -

H. Disclosure required by Jin-Guan-Zheng-Quan Letter No. 10703209011:

(A) Yuanta Securities Asia Financial Services Ltd.:

a. Securities held as of December 31, 2019:

In U.S. Dollars					
Securities type and name	Number of shares	Carrying value		Fair value	
		Price per share	Amount	Price per share	Amount
Investments accounted for under the equity method					
Yuanta Securities (Hong Kong) Ltd.	2,268,132,525	\$ 0.12	\$ 267,127,730	\$ 0.12	\$ 267,127,730
Yuanta Securities Holding (BVI) Ltd.	10,000	32.81	328,145	32.81	328,145
Yuanta Asia Investment(Hong Kong)	293,891,695	0.12	35,769,081	0.12	35,769,081
Yuanta Investment Consulting (Beijing) Co., Ltd.	-	-	745,414	-	745,414
Yuanta Securities Korea Co., Ltd.	110,492,514	5.32	587,943,397	5.32	587,943,397
Yuanta Hong Kong Holdings (Cayman) Ltd.	10,073,580	1.12	11,300,083	1.12	11,300,083
Yuanta Securities (UK) Co., Ltd.	2,000,000	1.02	2,033,502	1.02	2,033,502
Yuanta Securities (Tailand) Co., Ltd.	449,999,998	0.36	163,418,287	0.36	163,418,287
Yuanta Securities Vietnam Limited Company	85,242,422	0.57	48,744,818	0.57	48,744,818
Subtotal			1,117,410,457		1,117,410,457
Financial liabilities at fair value through profit or loss - current					
Yuanta Securities Korea Co., Ltd. US Dollar Subordinated Convertible Bonds	100,000,000	0.91	90,916,201	0.91	90,916,201
Total			1,208,326,658		1,208,326,658

b. Derivative financial instrument transactions and the source of capital: None.

c. Revenue from assets management business, service contents and litigation: None.

d. Balance sheet:

Yuanta Securities Asia Financial Services Ltd.

Balance Sheet

December 31, 2019

			In U.S. Dollars		
Assets	Amount	%	Liabilities and Equity	Amount	%
<u>Current Assets</u>			<u>Current liabilities</u>		
Cash and cash equivalents	\$ 1,388,997	-	Short-term loans	\$ 79,170,000	7
Financial assets at fair value through profit or loss			Accounts payable	849,183	-
- current	486,150	-	Other payables	1,507,815	-
Prepayments	348,314	-	Other payables - related party	51,017	-
Other receivables - related party	28,203,600	2	Total current liabilities	81,578,015	7
Total current assets	30,427,061	2	<u>Non-current liabilities</u>		
			Bonds-payable	50,173,900	4
			Total non-current liabilities	50,173,900	4
			Total liabilities	131,751,915	11
			<u>Equity</u>		
<u>Non-current assets</u>			Common stock	290,909,130	23
Financial assets at fair value through profit or loss			Capital reserve	99,177,461	8
- non-current	90,916,201	8	Retained earnings	748,726,075	60
Investments accounted for under the equity method	1,117,410,457	90	Other equity	(31,810,862)	(3)
Total non-current assets	1,208,326,658	98	Total equity	1,107,001,804	88
Total Assets	\$ 1,238,753,719	100	Total Liabilities and Equity	\$ 1,238,753,719	99

e. Statement of Comprehensive Income:

Yuanta Securities Asia Financial Services Ltd.

Statement of Comprehensive Income

For the year ended December 31, 2019

Items	In U.S. Dollars	
	Amount	%
Revenues		
Interest income	\$ 4,400,000	132
Valuation adjustment	(1,072,688)	(32)
Other operating income	2,409	-
Total	<u>3,329,721</u>	<u>100</u>
Expense		
Finance costs	(4,441,634)	(133)
Employee benefit expenses	(3,277,053)	(99)
Other operating expenses	(805,093)	(24)
Total	<u>(8,523,780)</u>	<u>(256)</u>
Operating losses	<u>(5,194,059)</u>	<u>(156)</u>
Share of profit of subsidiary, associates and joint ventures accounted for under equity method	51,660,470	1,551
Other gains and losses	<u>1,391,393</u>	<u>42</u>
Income before tax	47,857,804	1,437
Income tax expense	<u>(51,017)</u>	<u>(2)</u>
Net income	<u>47,806,787</u>	<u>1,435</u>
Other comprehensive income for the period		
Items that will not be reclassified to profit or loss		
Share of other comprehensive income of associates and joint ventures accounted for under equity method	(888,030)	(26)
Items that may be reclassified subsequently to profit or loss		
Translation differences for foreign operations	(1,480,164)	(44)
Unrealized losses on investments accounted for under equity method	<u>7,464,699</u>	<u>224</u>
Other comprehensive income, net	<u>5,096,505</u>	<u>154</u>
Total comprehensive income	<u>\$ 52,903,292</u>	<u>1,589</u>

(B) Yuanta Securities Holding (B.V.I.) Ltd.:

- a. Securities held as of December 31, 2019: None
- b. Derivative financial instrument transactions and the source of capital: None.
- c. Revenue from assets management business, service contents and litigation: None.
- d. Balance Sheet:

<u>Yuanta Securities Holding (B.V.I.) Ltd.</u>					
<u>Balance Sheet</u>					
<u>December 31, 2019</u>					
			In U.S Dollars		
<u>Assets</u>	<u>Amount</u>	<u>%</u>	<u>Liabilities and Equity</u>	<u>Amount</u>	<u>%</u>
<u>Current Assets</u>			<u>Current liab</u>		
Cash and cash equivalents	\$ 328,703	100	Other payables	\$ 660	-
Other receivables - related parties	102	-	Total liabilities	660	-
Total current assets	328,805	100	<u>Equity</u>		
Total Assets	<u>\$ 328,805</u>	<u>100</u>	Common stock	\$ 10,000	3
			Retained earnings	318,145	97
			Total Equity	328,145	100

e. Statement of Comprehensive Income:

Yuanta Securities Holding (B.V.I.) Ltd.

Statement of Comprehensive Income

For the year ended December 31, 2019

In U.S. Dollars

Items	Amount	%
Revenues		
Other operating income	\$ 130	100
Expense		
Employee benefit expenses	(29)	(22)
Other operating expenses	(5,905)	(4,543)
Total	(5,934)	(4,565)
Operating losses	(5,804)	(4,465)
Other gains and losses	83,002	63,848
Income before tax	77,198	59,383
Net income	77,198	59,383
Net income and total comprehensive income	\$ 77,198	59,383

(C) Yuanta Hong Kong Holdings (Cayman) Ltd.:

a. Securities held as of December 31, 2019:

In U.S. Dollars

Securities type and name	Number of shares	Carrying value		Fair value		Note
		Price per share	Amount	Price per share	Amount	
Financial assets at fair value through profit or loss - current						
Fortunengine. com (BVI) Corporation	214,000	\$ -	\$ 1	\$ -	\$ 1	
StemCyte,Inc	219,780	0.22	48,352	0.22	48,352	
Investments accounted for under the equity method						
GC Investment Consultant (Shanghai) Co., Ltd.	-	-	727,887	-	727,887	Under liquidation
Total			776,240		776,240	

- b. Derivative financial instrument transactions and the source of capital: None.
- c. Revenue from assets management business, service contents and litigation: None.
- d. Balance Sheet:

Yuanta Hong Kong Holdings (Cayman) Ltd.					
<u>Balance Sheet</u>					
<u>December 31, 2019</u>					
			In U.S. Dollars		
Assets	Amount	%	Liabilities and Equity	Amount	%
<u>Current Assets</u>			<u>Current liabilities</u>		
Cash and cash equivalents	\$ 10,551,109	93	Other payable	\$ 5,280	-
Financial assets at fair value through profit or loss	48,353	1	Other current liabilities	32,917	-
Other receivables - related parties	10,931	-	Total current liabilities	38,197	-
Total current assets	10,610,393	94			
<u>Non-current assets</u>			<u>Equity</u>		
Investments accounted for under the equity method	727,887	6	Common stock	10,073,580	89
Total non-current assets	727,887	6	Capital reserve	837,857	7
Total Assets	\$ 11,338,280	100	Retained earnings	390,292	4
			Other equity	(1,646)	-
			Total Equity	11,300,083	100
			Total Liabilities and Equity	\$ 11,338,280	100

e. Statement of Comprehensive Income:

Yuanta Hong Kong Holdings (Cayman) Ltd.

Statement of Comprehensive Income

For the year ended December 31, 2019

In U.S. Dollars

Items	Amount	%
Revenues		
Other operating income	\$ 368	100
Expenses		
Employee benefit expenses	(1,836)	(499)
Other operating expenses	(12,173)	(3,308)
Operating losses	(13,641)	(3,707)
Other gains and losses	353,873	96,161
Income before tax	340,232	92,454
Net income	340,232	92,454
Other comprehensive income		
Translation differences for foreign operations	4,153	1,129
Other comprehensive income for the period, net of tax	4,153	1,129
Total comprehensive income	\$ 344,385	93,583

(D) GC Investment Consultant (Shanghai) Co., Ltd. :

- a. Securities held as of December 31, 2019: None.
- b. Derivative financial instrument transactions and the source of capital: None.
- c. Revenue from assets management business, service contents and litigation: None.
- d. Balance Sheet:

GC Investment Consultant (Shanghai) Co., Ltd.

Balance Sheet

December 31, 2019

			In RMB Dollars		
Assets	Amount	%	Liabilities and Equity	Amount	%
<u>Current Assets</u>			<u>Current liabilities</u>		
Cash and cash equivalents	\$ 5,324,690	95	Accrued expenses	\$ 109,785	2
Interest receivables	39,398	1	Total current liabilities	109,785	2
Other receivables	229,226	4	<u>Equity</u>		
Prepayment	28,572	-	Common stock	4,137,615	74
Total current assets	5,621,886	100	Retained earnings	1,374,486	24
			Total equity	5,512,101	98
Total Assets	\$ 5,621,886	100	Total Liabilities and Equity	\$ 5,621,886	100

e. Statement of Comprehensive Income:

GC Investment Consultant (Shanghai) Co., Ltd.

Statement of Comprehensive Income

For the year ended December 31, 2019

Items	In RMB Dollars	
	Amount	%
Revenues		
Financial income	\$ 79,900	100
Expenses		
Operating expenses	(38,294)	(48)
Operating profit	41,606	52
Net income and total comprehensive income	\$ 41,606	52

(E) Yuanta Investment Consulting (Beijing) Co., Ltd.:

- a. Securities held as of December 31, 2019: None
- b. Derivative financial instrument transactions and the source of capital: None.
- c. Revenue from assets management business, service contents and litigation: None.
- d. Balance Sheet:

Yuanta Investment Consulting (Beijing) Co., Ltd.

Balance Sheet

December 31, 2019

			In RMB Dollars		
Assets	Amount	%	Liabilities and Equity	Amount	%
<u>Current Assets</u>			<u>Current liabilities</u>		
Cash and cash equivalents	\$ 5,244,245	95	Collections for third parties	\$ 2,407	-
Prepayments	48,098	1	Other payables	248,034	5
Total current assets	5,292,343	96	Lease liabilities - current	65,071	1
<u>Non-current assets</u>			Total liabilities	315,512	6
Property and equipment	4,739	-	<u>Equity</u>		
Right-of-use assets	64,393	1	Common stock	18,428,400	334
Other non-current assets	145,209	3	Accumulated deficit	(13,237,228)	(240)
Total non-current assets	214,341	4	Total equity	5,191,172	94
Total Assets	\$ 5,506,684	100	Total Liabilities and Equity	\$ 5,506,684	100

e. Statement of Comprehensive Income:

Yuanta Investment Consulting (Beijing) Co., Ltd.

Statement of Comprehensive Income

For the year ended December 31, 2019

<u>Items</u>	<u>In RMB Dollars</u>	
	<u>Amount</u>	<u>%</u>
Revenues		
Other operating income	\$ <u>68,689</u>	<u>100</u>
Expenses		
Financial costs	(<u>5,084</u>)	(<u>7</u>)
Employee benefit expenses	(<u>1,173,029</u>)	(<u>1,708</u>)
Depreciation and amortisation expense	(<u>451,149</u>)	(<u>657</u>)
Other operating expenses	(<u>315,259</u>)	(<u>459</u>)
Total	(<u>1,944,521</u>)	(<u>2,831</u>)
Operating losses	(<u>1,875,832</u>)	(<u>2,731</u>)
Other gains and losses	<u>4,282</u>	<u>6</u>
Loss before tax	(<u>1,871,550</u>)	(<u>2,725</u>)
Net loss and total comprehensive loss	(\$ <u>1,871,550</u>)	(<u>2,725</u>)

(3) Overseas Branch Units and Representative Offices

The name of overseas branches or representative offices (Note 1)	Address	Settlement date	Reference number and the date of approval letter issued by FSC	Major operating activities (Note 2)	Operating revenues for the period	The period profit before tax (Note 1)	Appropriated working capital (Note 3)				Significant transactions with parent company	Note
							Balance at prior period	Increase working capital	Decrease working capital	Balance at current period		
Yuanta Securities Beijing Office (Note 4)	Beijing, Mainland China	November 26, 2003	2003.4.3 Tai-Cai-Zheng (2) Letter No.09200110296	Business survey, Investigate industrial technology and collect information	\$ -	(\$ 8,381)	\$ -	\$ -	\$ -	\$ -	\$ -	
Yuanta Securities Shanghai Office (Note 5)	Shanghai, Mainland China	August 10, 2004	Tai-Cai-Zheng (2) Letter No.0920120591	Business survey	-	(42,701)	-	-	-	-	-	

Note 1: Under Article 25-1 of the Standards Governing the Establishment of Securities Firms, the establishment of a branch unit of a securities firm shall be confined to locations that have a centralized securities exchange market and a dedicated competent authority, and have been publicly announced by the FSC. Multiple branch units or representative offices in the same region should be separately disclosed.

Note 2: Operations that are beyond the scope of the parent company's operations should be specially noted.

Note 3: Funds designated for operations refer to funds that are specifically for local operations of the unit.

Note 4: The offices set by Group's - Yuanta Core Pacific Securities Co., Ltd.

Note 5: The offices set by the Company absorbed Polaris Securities Co., Ltd.

(4) Information on investments in Mainland China

A. Investment in Mainland China and related information.

Name of investee in Mainland China	Main activities of investee	Capital	Investment method (Note 1)	Accumulated remittance as of January 1, 2019	period		Accumulated remittance as of December 31, 2019	Net profit (loss) of the investee for the period	Ownership held by the company (direct or indirect)	Investment income (loss) recognized by the Company during the period	Ending balance of investment	Investment income (loss) remitted back as of December 31, 2019
					Remitted out	Collected						
GC Investment Consultant (Shanghai) Co., Ltd.	Investment consultant	\$ 17,887	Other method	\$ -	\$ -	\$ -	\$ -	\$ 186	100.00%	\$ - Under liquidation	\$ 21,914	\$ -
Yuanta Investment Consulting (Beijing) Co., Ltd.	Investment management consulting service, Financial consulting service, Business administration consulting service, Business information consulting service, Economic and trade consulting service, Marketing and planning, Technical promotion and services	79,666	Through investing in an existing company in the third area, which then invested in the investee in Mainland China. (Yuanta Securities Asia Financial Services Ltd.)	-	-	-	-	(8,375)	100.00%	(8,375) The financial statements that are audited by group auditor	22,441	-

B. Investment in Mainland China and related information.

Name of the Company	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investment in Mainland China imposed by the Investment Commission of MOEA
GC Investment Consultant (Shanghai) Co., Ltd.	\$ -	Note 4	Note 4
Yuanta Investment Consulting (Beijing) Co., Ltd.	-	91,973	60,313,249

Note 1: Investment methods are classified into the following categories:

- (1) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
- (2) Directly invest in a company in Mainland China.
- (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 arrangements 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.

Note 4: GC Investment Consultant (Shanghai) Co., Ltd. was indirectly acquired by the Company through its merger with Polaris Securities Co., Ltd.; Yuanta Hong Kong Holdings (Cayman) Ltd., the direct overseas investment of Polaris Securities Co., Ltd., invested USD 16 million in GC Investment Consultant (Asian) Co., Ltd., parent of GC Investment Consultant (Shanghai) Co., Ltd. GC Investment Consultant (Asian) Co., Ltd. was later renamed as Polaris Capital (Asian) Co., Ltd.

14. OPERATING SEGMENT INFORMATION

(1) General information - Sources of income's products and services type for each reportable segment

The operating segments are consistent with the internal reports provided to the Chief Operating Decision-Maker ("CODM").

The CODM directs the operation with respect to the business revenues. The operating segments of the Group comprise brokerage business, dealing business, bond business, financial instrument business, investment banking business and equity investment business. The above segments' major revenues are as follows:

Brokerage segment: Consignment trading of listed and OTC securities, futures introducing broker and financial instruments trading allowed by regulations.

Dealing segment: Securities dealing regarding listed and OTC stocks, bonds, beneficiary certificates, etc., foreign securities, futures, options or other derivatives allowed by the Authority.

Bond segment: RS, RP, OS and OB on bonds, bills, beneficiary certificates and asset-backed securities, planning the issuance of bonds, beneficiary certificates, asset-backed securities, structured products, other fixed income instruments, and trading on interest rate derivatives.

Financial instrument segment: The issuance of the stock warrants, to develop financial instruments and to expand other services.

Investment banking segment: Advisory on corporate finance, corporate business, mergers and acquisitions, activities regarding IPO, corporate financing, securities underwriting and sales.

Equity investment department: Investment accounted for under equity method (associate).

(2) Measurement of segment information

Measurement of segment profit (loss), assets and liabilities

All of the Group's operating segment profit or loss measurement principles are described in Note 4 - significant accounting policies, and as the Group's CODM allocates resources to the various departments and assesses the performance of various departments based on internal reports on the basis of profit before tax. The segment revenues, segment assets and liabilities are not required; therefore, only segment profit or loss related information is disclosed.

For a fair and reasonable performance measurement system, the Group's internal revenues and expenses among segments will be offset for the external report.

Income and expense attributable to each operating segment are directly attributed to the profit and loss of the corresponding operating segment. Indirect expenses and expenses from logistic support segment are listed under 'other segments'.

For the year ended December 31, 2019								
	Brokerage segment	Dealing segment	Bond segment	Financial instrument segment	Investment banking segment	Equity investment department	Other operating segment	Total
Segment revenue	\$ 11,768,560	\$ 2,516,083	\$ 3,190,250	\$ 1,370,850	\$ 1,429,002	\$ 20,404,016	\$ 117,310	\$ 40,796,071
Segment income	\$ 5,130,509	\$ 1,260,595	\$ 1,417,554	\$ 555,006	\$ 808,107	\$ 3,409,327	(\$ 1,404,685)	\$ 11,176,413
For the year ended December 31, 2018								
	Brokerage segment	Dealing segment	Bond segment	Financial instrument segment	Investment banking segment	Equity investment department	Other operating segment	Total
Segment revenue	\$ 12,604,084	\$ 2,207,661	\$ 2,292,261	\$ 2,312,345	\$ 894,447	\$ 21,615,983	\$ 36,517	\$ 41,963,298
Segment income	\$ 5,850,997	\$ 1,039,823	\$ 742,231	\$ 1,388,904	\$ 306,747	\$ 4,203,905	(\$ 1,319,490)	\$ 12,213,117

Note 1: As operating income (loss) in total is consistent with consolidated statement of comprehensive income, there is no need for adjustment.

Note 2: The Group measures the performance of reportable operating segment based on specific performance indicators instead of assets and liabilities. The performance of reportable operating segment is regularly reviewed and assessed by the CODM as a reference for making resources allocation decision.

(3) Information on products and services

The Group's reportable segments are based on different products and services with disclosure of general information about types of products and services of the reportable segments' income sources. There is no requirement for additional disclosure of income from products and services.

(4) Geographical information

Geographical revenue information of external clients is as follows:

	For the years ended December 31,	
	2019	2018
R.O.C	\$ 22,037,789	\$ 22,101,062
South Korea	14,058,737	15,639,999
Others	4,699,545	4,222,237
	<u>\$ 40,796,071</u>	<u>\$ 41,963,298</u>

(5) Major customer information

There is no requirement for additional disclosure because no single customer accounted for 10% or more of the Group's operating revenues for the current period.

- V. Yuanta Securities and the affiliated companies must have the impact of financial difficulties on the financial status detailed, if there is any, in the most recent year and up to the publication of the annual report: None**

Section Seven

Financial Status, Operating Results, and Risk Management

I. Financial status

(I) Consolidated

Unit: NT\$ thousand ; %

Item \ Year	2019	2018(Note 2)	Change	
			Amount	%
Current assets	686,118,965	665,244,834	20,874,131	(3)
Real estate, plant and Equipments	6,296,613	6,596,959	(300,346)	(5)
Intangible asset	12,953,688	13,180,517	(226,829)	(2)
Other assets	33,228,252	29,267,431	3,960,821	(14)
Total asset	738,597,518	714,289,741	24,307,777	3
Current liabilities	604,385,260	585,977,807	18,407,453	3
Non-current liabilities	19,467,741	9,032,496	10,435,245	116
Total liabilities	623,853,001	595,010,303	28,842,698	5
Common stock	57,820,321	54,056,442	3,763,879	7
Capital reserve	543,931	1,858,215	(1,314,284)	(71)
Retained earnings	36,254,140	38,352,498	(2,098,358)	(5)
Total equity	114,744,517	119,279,438	(4,534,921)	(4)

Note 1: Significant changes in assets, liabilities, and equity over the past two years (20% or more or over NT\$10 million in value), their causes, effects, and relevant countermeasures.

1. Increase in non-current liabilities by 116%: Primarily a result of the issuance of unsecured corporate bonds and application of IFRS16 this year, resulting in the increase in reserve for liabilities-noncurrent, while no significant impact was posed to the Company therefor.
2. The decrease in capital surplus by 71% was primarily a result of the effects from reorganization upon acquisition of Yuanta Securities Finance.

Note 2: The Company acquired the whole equity of Yuanta Securities Finance on March 26, 2019, the record date for settlement. Said transaction refers to the reorganization of entities commonly controlled. Therefore, the Company has identified the entities as having been consolidated ab initio when preparing the financial statements for the previous period as required and also re-prepared the financial statements for the previous period retroactively.

(II) Individual

Unit: NT\$ thousand; %

Item \ Year	2019	2018	Change	
			Amount	%
Current assets	292,848,201	276,140,162	16,708,039	6
Real estate, plant and Equipments	4,407,877	4,462,187	(54,310)	(1)
Intangible asset	11,579,338	11,685,645	(106,307)	(1)
Other assets	56,241,457	53,006,961	3,234,496	6
Total asset	365,076,873	345,294,955	19,781,918	6
Current liabilities	251,589,187	236,343,325	15,245,862	6
Non-current liabilities	12,965,605	4,025,216	8,940,389	222
Total liabilities	264,554,792	240,368,541	24,186,251	10
Common stock	57,820,321	54,056,442	3,763,879	7
Capital reserve	543,931	1,858,215	(1,314,284)	(71)
Retained earnings	36,254,140	38,352,498	(2,098,358)	(5)
Total equity	100,522,081	104,926,414	(4,404,333)	(4)
<p>Note 1: Significant changes in assets, liabilities, and equity over the past two years (20% or more or over NT\$10 million in value), their causes, effects, and relevant countermeasures.</p> <ol style="list-style-type: none"> 1. Increase in non-current liabilities by 222%: Primarily a result of the issuance of unsecured corporate bonds and application of IFRS16 this year, resulting in the increase in lease liability noncurrent. 2. The decrease in capital surplus by 71%: Primarily a result of the effects from reorganization of Yuanta Securities Finance. <p>Note 2: The Company acquired the whole equity of Yuanta Securities Finance on March 26, 2019, the record date for settlement. Said transaction refers to the reorganization of entities commonly controlled. Therefore, the Company has identified the entities as having been consolidated ab initio when preparing the financial statements for the previous period as required and also re-prepared the financial statements for the previous period retroactively.</p>				

II. Operating results

(I) Consolidated

Unit: NT\$ thousand; %

Item \ Year	2019	2018(Note 4)	Increase (Decrease)	% Change
Revenues	40,796,071	41,963,298	(1,167,227)	(3)
Operating expenses	(31,348,704)	(31,362,648)	13,944	—
Operating profits	9,447,367	10,600,650	(1,153,283)	(11)
Non-operating revenue	1,729,046	1,612,467	116,579	7
Net income before tax	11,176,413	12,213,117	(1,036,704)	(8)
Income tax expenses	(1,163,152)	(1,623,276)	460,124	(28)
Net income from continuing operations after tax	10,013,261	10,589,841	(576,580)	(5)

Note 1: Analysis of financial ratio changes within the past two years:

1. The decrease in operating profit by 11%: Primarily a result of the decrease in the brokerage service charges this year from 2018.
2. The decrease in income tax expenses by 28%: Primarily a result of the increase in the income tax rate from 17% to 20% in 2018, resulting in the increase in deferred income tax liabilities and increase in the income tax expenses, while no such circumstance took place in 2019 and the current income tax expenses decreased from the previous period accordingly.

Note 2: Reasons for changes in operations (when said changes are the result of adjustments to sales prices or costs, product mix, product quantity, or product replacement): Information about the financial and operational impact of and response to existing or potential changes in operational strategy, market conditions, economic environment, or other internal or external factors: None

Note 3: Estimating the sales volume in the coming year and supporting data, plus reasons for continued growth or decline of the expected sales volume.

Yuanta Securities predicts sales volume continuing to grow or decline for the reasons of:

1. Business cycle, economic growth indicators, and political stability will affect volatility of securities markets.
2. The government policy of opening up financial markets and continuing to actively introduce and authorize underwriting of new financial instruments is beneficial to the stock market in the sense of trade amount and volume and to the source of profits.

Note 4: The Company acquired the whole equity of Yuanta Securities Finance on March 26, 2019, the record date for settlement. Said transaction refers to the reorganization of entities commonly controlled. Therefore, the Company has identified the entities as having been consolidated ab initio when preparing the financial statements for the previous period as required and also re-prepared the financial statements for the previous period retroactively.

(II) Individual

Unit: NT\$ thousand; %

Item \ Year	2019	2018	Increase (Decrease)	% Change
Revenues	20,392,055	20,347,315	44,740	0
Operating expenses	(13,942,418)	(13,571,274)	(371,144)	3
Operating profits	6,449,637	6,776,041	(326,404)	(5)
Non-operating revenue	3,541,622	3,793,287	(251,665)	(7)
Net income before tax	9,991,259	10,569,328	(578,069)	(5)
Income tax expenses	(972,740)	(1,117,920)	205,180	(17)
Net income from continuing operations after tax	9,018,519	9,391,408	(372,889)	(4)

Note 1: Analysis of financial ratio changes within the past two years:

The decrease in income tax expenses by 17%: Primarily a result of the increase in the income tax rate from 17% to 20% in 2018, resulting in the increase in deferred income tax liabilities and increase in the income tax expenses, while no such circumstance took place in 2019 and the current income tax expenses decreased from the previous period accordingly.

Note 2: Reasons for changes in operations (when said changes are the result of adjustments to sales prices or costs, product mix, product quantity, or product replacement): Information about the financial and operational impact of and response to existing or potential changes in operational strategy, market conditions, economic environment, or other internal or external factors: None

Note 3: Estimating the sales volume in the coming year and supporting data, plus reasons for continued growth or decline of the expected sales volume.

Yuanta Securities predicts sales volume continuing to grow or decline for the reasons of:

1. Business cycle, economic growth indicators, and political stability will affect volatility of securities markets.
2. The government policy of opening up financial markets and continuing to actively introduce and authorize underwriting of new financial instruments is beneficial to the stock market in the sense of trade amount and volume and to the source of profits.

Note 4: The Company acquired the whole equity of Yuanta Securities Finance on March 26, 2019, the record date for settlement. Said transaction refers to the reorganization of entities commonly controlled. Therefore, the Company has identified the entities as having been consolidated ab initio when preparing the financial statements for the previous period as required and also re-prepared the financial statements for the previous period retroactively.

III. Cash flow

(I) Consolidated

Unit: NT\$ thousand

Initial cash balance	Net cash from operations	Net cash inflow	Amount of cash surplus	Corrective actions against cash deficit	
				Investment plan	Financial plan
47,622,688	15,105,915	(9,511,861)	53,216,742	NA	NA

1. Analysis of changes in cash flow for 2019:

- (1) The net cash inflow from operating activities was about NT\$15,105,915:
As a result of net cash inflow from income by about NT\$9,681,272, and net cash inflow from changes of assets and liabilities by about NT\$5,424,643.
- (2) early cash outflow about NT\$9,511,861:
The net cash outflow from investing activities was about NT\$8,951,490 and the net cash inflow from funding activities about NT\$1,289,389, Effects of changes in foreign exchange rate (1,849,760).

2. Liquidity analysis and countermeasures against cash insufficiency:

(1) Liquidity analysis for the past two years:

Item\Year	2019	2018(Note 1)	Change(%)
Cash flow ratio (%)	2	3	(1)
Cash flow adequacy ratio (%)	117	161	(44)
Cash flow reinvestment ratio (%)	8	12	(4)

Analysis of changes in these ratios:

The decrease in cash flow adequacy ratio was primarily a result of the acquisition of Yuanta Securities Finance this year resulting in the increase in the capital expenditure for the most recent five years.

Note 1: The Company acquired the whole equity of Yuanta Securities Finance on March 26, 2019, the record date for settlement. Said transaction refers to the reorganization of entities commonly controlled. Therefore, the Company has identified the entities as having been consolidated ab initio when preparing the financial statements for the previous period as required and also re-prepared the financial statements for the previous period retroactively.

(2) Analysis of cash flow in the upcoming year:

Initial cash balance	Anticipated cash flow from operations	Anticipated total cash outflow	Amount of Cash surplus	Countermeasures against cash insufficiency	
				Investment plan	Financial plan
53,216,742	1,329,004	18,741,623	73,287,369	NA	NA

(II) Individual

Unit: NT\$ thousand

Initial cash balance	Net cash from operations in 2015	Net cash inflow	Amount of cash surplus	Corrective actions against cash deficit	
				Investment plan	Financial plan
24,684,924	7,591,349	(4,727,265)	27,549,008	NA	NA

1. Analysis of changes in cash flow for 2019:

(1) The net cash inflow from operating activities was about NT\$7,591,349:

As a result of net cash inflow from income by about NT\$6,729,157, and net cash inflow from changes of assets and liabilities by about NT\$862,192.

(2) Yearly cash outflow about NT\$4,727,265:

The net cash outflow from investing activities was about NT\$8,873,650 and the net cash inflow from funding activities about NT\$4,186,813, Effects of changes in foreign exchange rate (40,428).

2. Liquidity analysis and countermeasures against cash insufficiency:

(1) Liquidity analysis for the past two years:

Item\Year	2019	2018	Change (%)
Cash flow ratio (%)	3	7	(4)
Cash flow adequacy ratio (%)	123	161	(38)
Cash flow reinvestment ratio (%)	1	13	(11)

Analysis of changes in these ratios:

- The decrease in cash flow ratio and cash reinvestment ratio was primarily a result of the increase in securities margin trading accounts and accounts receivable resulting in the decrease in net cash inflow from operating activities this period from the previous period.
- The decrease in cash flow adequacy ratio was primarily a result of the acquisition of Yuanta Securities Finance this year resulting in the increase in the capital expenditure for the most recent five years.

(2) Analysis of cash flow in the upcoming year:

Initial cash balance	Anticipated cash flow from operations	Anticipated total cash outflow	Amount of cash surplus	Countermeasures against cash insufficiency	
				Investment plan	Investment plan
27,549,008	(2,457,387)	7,781,985	32,873,606	NA	NA

IV. Impact of major capital expenditures on financial business

(I) Utilization of major capital expenditures and capital sources:

Unit: NT\$ thousand

Project	Actual or expected funding source	Actual or expected date of completion	Total funding	Status of actual or expected fund utilization				
				2019	2018	2017	2016	2015
None								

(II) Anticipated potential returns

1. The additional output volume, value and gross profit anticipated: None
2. Other benefits (product quality, reduced pollution, reduced costs, etc.):
None

V. Investment strategies

Unit: NT\$ thousand
Baseline date: Dec. 31, 2019

Description Item	Original investment	Book value	Strategy	Main reason for profit or loss	Corrective action	Other future investment plans
Yuanta Securities Asia Financial Services Co., Ltd.	11,557,424	32,307,407	Overseas diversification	Recognized investment gains of NT \$1,482,599 in 2019 mainly due to financial income including bank interest and profit from reinvestment	—	—
Yuanta Securities Finance Co., Ltd.	8,818,069	10,032,621	Organizational Framework Adjustment	The investment income recognized in 2019 totaled \$435,893, primarily the revenue from margin trading.	—	—
Yuanta International Insurance Broker Co., Ltd.	5,550	261,575	Provide the insurance brokerage services	The investment income recognized in 2019 totaled \$250,994, primarily the commission revenue.	—	—

VI. Analysis and assessment of risk-related issues

(I) Impact of interest and exchange rate changes and inflation, and their future countermeasures:

1. Interest rates

Based on the market situation and operational needs, the company immediately adjusts interest rate related positions and conducts hedging operations to contain the impact of interest rate fluctuations on the company's profitability within a reasonable scope of the company's tolerance level for financial risk; at the same time the company complies with internal operating procedures, has established a risk management system, and works in conjunction with value at risk evaluation and interest rate sensibility analysis mechanisms to effectively monitor changing risk trends regarding the positions held by the company and to contain the adverse impact of fluctuating interest rates on profits.

2. Exchange rates

Given trends of financial globalization, Yuanta Securities is not only working to grow in the domestic financial markets, but is continuing to develop business overseas. Foreign direct investment and financial transactions may affect Yuanta Securities' net worth and profitability due to exchange rate fluctuations. However, our main income sources are primarily domestic and only a small percentage of Yuanta Securities' profits and net worth is exposed to exchange rate fluctuations. Foreign direct investment is influenced by exchange rate fluctuations, and accumulated conversion adjustments may have a direct impact on Yuanta Securities' net worth, but it will not affect current profitability.

Therefore, for exchange rate risk generated by overseas investments and transactions, Yuanta Securities adopts appropriate risk management and hedging strategies on a case-by-case basis according to the risk characteristics and its potential effect on Yuanta Securities' net worth and profitability, thus ensuring that exchange rate fluctuations do not influence Yuanta Securities' overall operations, and that control is maintained within a pre-set range of risk management goals.

3. Inflation

Yucenta Securities is in financial business. Inflation affects the prices and values of Yuanta Securities' financial assets or liability commitments,

and thus can indirectly influence Yuanta Securities' net worth and profitability. Analysis and management of inflation movements that could affect financial asset prices have already been incorporated into the company's operational, product pricing, and risk management systems.

(II) Policy on high-risk, high-leverage investments, loaning of funds, endorsements and guarantees as well as derivatives transactions, major causes for profits or losses and future countermeasures:

1. The company has not carried out any high-risk, high-leverage investments during the most recent fiscal year.
2. Loans to others and endorsement/guarantee

In order to help overseas investees develop business and allocate fund, the authorized limit on the loan or endorsement/guarantee made by the Company to its overseas subsidiaries in which it holds more than 50% of the shares with voting right shall comply with laws and regulations and also the Company's "Operating Procedure for Loaning to Others and Making Endorsement/Guarantee for Others". When processing the loan to others or endorsement/guarantee, the Company shall check the information about finance and business of the borrower or the endorsed/guaranteed, review the necessity and reasonableness of the application for loan or endorsement/guarantee, evaluate the cause of loan and whether the endorsed/guaranteed amount corresponds to the transaction amount, and also evaluate the effect produced to the Company's business risk, financial position and owner's equity therefor, and the effect to the Company's capital adequacy ratio, in order to balance the Company's business development and capital stability.

3. Yuanta Securities is in the derivatives business. In addition to the approval of the competent authorities, it must be processed in accordance with the "Assets acquisition and disposition procedure" thereafter. In addition, for the purpose of effectively managing the risk of derivatives, Yuanta Securities has stipulated a comprehensive operating standard, risk quota, and risk management mechanism in accordance with the purpose of trade, transaction mode, characteristics of derivatives, and nature of business to ensure the risk of derivatives in compliance with the company's operating strategy and risk tolerance.

(1) TWSE traded derivatives

Derivative products traded on centralized markets include call (put)

warrants traded on the Taiwan Stock Exchange and futures, options and futures options traded on the Taiwan Futures Exchange. In the market the Company strives for stability and emphasizes market risk management. The Company adopts dynamic hedge measures for call (put) warrants to evade market risk related to the issuance of warrants; futures, index options, and interest rate futures operations are conducted within a strict operational system and risk management mechanism.

In times of abnormal or dramatic market movements, exchange-traded derivative products might incur losses. But the adverse effects of such abnormal volatility have already been factored into the risk assessment procedures for derivatives trading, while the necessary risk management mechanisms and controls have been set up.

(2) TPEx traded derivatives

On the TPEx market, Yuanta Securities engages in the trading of derivatives including convertible corporate bond asset swaps, interest rate derivatives, bond derivatives, equity derivatives and credit derivatives. The Company primarily engages in generating profits mainly from risk-neutral interest spreads or premiums.

In addition, Yuanta Securities mitigates interest rate risks through interest rate derivatives and bond derivatives; exchange rate fluctuation risks through currency exchange rate derivatives; stock market volatility risks through equity derivatives; and credit spread or default risks through credit derivatives. Through adequate hedging in TPEx derivatives, Yuanta Securities can adjust and control its overall risk exposure within an optimal range, thus ensuring operational and revenue stability.

(III) Future R&D plans and expected R&D expenditure: None.

(IV) Impact on the company's financial standing due to changes in major domestic or foreign policies and laws, and countermeasures:

The Company's responsible personnel have the important domestic and foreign policies and law changes analyzed in advance and the impact on the business operation evaluated with the internal operating strategies adjusted accordingly. Important policies and law changes are outlined as follows:

1. The TWSE's intraday trading will adopt the continuous matching of stock comprehensive as of March 23, 2020.
2. Amend the "Securities and Exchange Act" to enhance the legal compliance and increase the limit of penalty imposed against violations of the Act.
3. Amend the "Futures Trading Act" to promote the centralized clearing of OTC derivatives and increase the limit of penalty imposed against violations of the Act.

4. In order to facilitate the investment in Taiwan stocks by young people and retail investors, and boost the odd-lot trading market, the intraday odd-lot trading policy is expected to be implemented as of the next half of next year (2020).
5. In order to enhance the convenience of investors to access the online account opening services, relax the CDD requirements about online account openings and day trading limit.
6. Amend the “Taipei Exchange Rules Governing Management of Foreign Currency Denominated International Bonds” to research the policy to allow foreign issuers to issue Sukuk in Taiwan.
7. The FSC’s order under Jin-Guan-Zhen-Fa-Zi No. 1080321164 authorized that the securities token, STO, should be identified as the marketable securities referred to in the Securities and Exchange Act, and also released the regulations governing issuance of securities tokens separately.
8. Amended the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies” to include the relevant regulations as the reference basis followed by the promotion of ethical management and anti-corruption by TWSE/TPEX-listed companies.
9. According to Article 36-3 of the Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets, a service enterprise may have in place qualified corporate governance personnel in an appropriate number. Meanwhile, the comprehensive securities houses issuing stocks pursuant to the Securities and Exchange Act, and the comprehensive securities houses of any financial holding company’s subsidiaries shall have in place the chief corporate governance officer.
10. In order to enhance the monitoring mechanism about important messages for overseas listing, information disclosure and financial statements of TPEX-listed companies’ subsidiaries, amend the Taipei Exchange (TPEX) business rules, important message presentation procedure, information declaration regulations, routine and exceptional management procedures, and operating procedure for reviewing financial statements, and also amend the management procedure requirements of companies listed on the emerging stock market, et al..
11. Enacted and promulgated the “Management, Utilization, and Taxation of Repatriated Offshore Funds Act” to guide individuals to repatriate offshore fund and help profit-seeking enterprises repatriate their offshore investment income and invest the same in Taiwan.
12. Amended the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, in order to increase the

financing channels available to SMEs and enhance the flexibility of the Group companies' fund utilization.

13. Amended the "Self-Regulatory Rules for Information Security of Cloud Computing, Social Network, and Mobile Device" to include the operating procedures for IoT equipment security control and anti-phishing websites, and renamed the same into "Self-Regulations of the Information Security of the Emerging Technology."
14. In order to protect the investors in the market, TAIEX index options has adopted the dynamic pricing stabilization policy since May 27, 2019.

In response to amendments and enactment of said policies or laws, the Company has taken responsive actions and measures. Therefore, no adverse effect has been posed on the Company's business and financial development.

(V) Impact of technological or industrial changes on the company's financial standing, and countermeasures:

The Company's e-trading service has secured the market share as a leader in the market far ahead of peer companies. In response to the booming FinTech wave, big data and AI development, the Company has applied emerging technologies to build a brand new e-trading platform, correct the AI computing results by referring to the experience and knowledge of experts from the financial and economic sectors, and provide customers with more precise information through the innovative model driven by Human-Robot Collaboration. In the meantime, the Company will continue to research and develop, in order to apply the latest technology to its decision making for transactions and become the leader in the sector domestically. The Company planned the model of business transformation. Meanwhile, it built the digital banking services improving from time to time for employees, customers and all investors, so as to enable the Company to become the new generation pilot seamlessly in line with the need for transformation by the whole financial industry and generate remarkable results in the Company's business development and profit-seeking model.

(VI) Impact of changes in corporate image on the company's crisis management, and countermeasures:

Yuanta Securities' has established the posts of spokesperson and deputy spokesperson, who are in charge of overall corporate image creation and cultivation along with work related to crisis management while maintaining good interaction with the media. In addition, Yuanta Securities has established "Guidelines on Crisis Management Policy and Procedures" and "Contingency Plan Enforcement Rules" to plan ahead and form standard

operating procedures for all possible corporate crises. Should Yuanta Securities encounter major events that are of material importance or could affect Yuanta Securities' positive image, information can be immediately disclosed to the Market Observation Post System and explained in detail in press releases to all major media outlets to dispel concerns among investors and the general public.

Yuanta Securities has always maintained a business philosophy emphasizing stability and pragmatism, and makes utmost efforts to provide investors with the best service quality. Yuanta Securities continues to be a market leader in all segments of its operations. Our balanced capital structure not only enhances overall operational synergies, but also effectively reduces volatility within the operational environment, thus maintaining our enduring image as the leading securities firm in Taiwan. Especially, Taiwan Ratings Corp and Fitch Ratings respectively assigned the Company positive credit ratings, thus reflecting the Company's enduring image in credit and affirming the Company's excellent creditworthiness and risk management capabilities.

Yuanta Securities has always been at the forefront of international standards, pursuing sound management and information transparency. In addition to the Audit Committee, in October 2010 the Company established a Compensation Committee to assist the board of directors in ensuring the fair management of the pay structure and system, thus making Yuanta Securities one of the few companies in the financial industry to implement a director and supervisor system and to actualize the spirit of corporate governance in Taiwan.

Looking toward the future, Yuanta Securities will continue to recruit top people and strengthen the quality of our professional talent. By integrating our channels with the resources of Yuanta Financial Holdings, we will provide our clients with the most practical and comprehensive service and achieve optimal effectiveness.

(VII) Expected benefits and possible risks of mergers, and countermeasures:

The Company has kept expanding its business scale through mergers and acquisitions of others in the same trade and through establishing business locations over the past years. By the end of 2019 the Company owned 146 branch companies, ranking top 1 in terms of number of business locations and market shares.

Meanwhile, in order to help merger & acquisition by the Company, the Company defined the standard operating procedures for the decision-making process of mergers and acquisitions internally to be followed by the relevant responsible units. The Company also tried hard to make the Company's merger & acquisition meet the requirements in accordance with the various laws and regulations promulgated by the competent authority.

The company has sound capital and ample funding, and is prepared to take advantage of opportunities to expand operational scope through mergers and acquisitions. Experiences with mergers in recent years have proven that the advantages far outweigh the risks, and that careful planning and assessment can maximize shareholder benefits.

(VIII) Expected benefits and possible risks of facilities expansion, and countermeasures:

Yuanta Securities is Taiwan's largest securities firm, and its business locations cover a wide geographical range. Should there be opportunities to merge core brokerage operations, the company could increase the density of its distribution channel network and expand its marketing network, realizing economies of scale and consolidating the competitive advantages of the company's different operations.

(IX) Risks associated with any concentration of business, and responsive measures to be taken:

The Company's business lines have covered most of the operations opened by the competent authority. Meanwhile, the Company will plan and offer new business lines per the overall operating objectives and strategies. Except the brokerage operations refer to the main source of revenue, the Company's operating revenue from the other business operations is considered more dispersed than the others in the same trade. The Company also works hard to boost its overseas business development and generates earnings from overseas business increasingly year by year. Generally speaking, the Company's risk over business concentration has been declining year by year. The Company will also review the vision of various business developments and contribution to earnings by the various businesses and then adjust the business layout most fitting the Company's operating objectives, and abandon weak ones but retain strong ones to enable strong business lines to develop freely and make the business lines with vision stand out, in order to produce positive contribution to the Company's profit growth year by year.

(X) Effect upon and risk to a securities firm if a large quantity of shareholding of a director, supervisor, or 10% or greater shareholder in the securities firm were to be transferred or otherwise change hands, and responsive measures to be taken:

In the most recent fiscal year and up to the date of publication of this Annual Report, there have been no large transfers or changes in shareholdings by directors, supervisors, or major shareholders holding more than 10%, and no changes in management rights or other issues that could affect shareholder equity.

(XI) Impact and risk associated with changes in management rights, and countermeasures:

The concentration of the shareholding of the Company's management team is higher than that of others in the industry; therefore, the risk of changes in operating rights is low. Yuanta Financial Holding Company, the Company's parent company, is committed to having the resources of the subsidiaries integrated in order to provide customers with diversified financial services. The Company has the President's Office set up for inter-departmental communications, including the communication and coordination between

departments and subsidiaries. Please refer to the “Delineation of Rights and Obligations” and “Decentralization of Responsibility” for detailed information. The spirit of the rule of law is blended into the corporate culture to ensure the Company’s stability, maintenance of business rights, and ongoing concern.

(XII) Litigation and non-litigation matters:

Major litigation, non-litigious or administrative legal action, convicted or pending, involving the Company or its subsidiaries:

Unit: Dollar (NT\$1000/KRW/US\$/THB)

Facts	Target Amount	Commencing Date of Litigation	Principle legal actions counterparty	Until the date of publication of the annual report Status	Remarks
Due to the dispute over transaction of stock, the customer of the extinguish company, Polaris Securities, filed a civil action against Yuanta Securities, claiming that Yuanta Securities should bear the damages jointly and severally with its employee.	NT\$ 39,769	June 2013	Yuanta Securities, Lin ○ Chi and Plaintiff Meng ○ Chiao.	The claimed value was NT\$25,718 initially on June 25, 2013, then increased as NT\$40,310 on June 30, 2015, and then reduced as NT\$39,769 on August 12, 2015. Taiwan Taipei District Court has rendered the judgment dismissing the Plaintiff’s claim on October 21, 2016. The Plaintiff filed an appeal against the judgment. Taiwan High Court rendered the judgment on May 8, 2019, holding that Yuanta Securities shall, jointly and severally, pay the damages totaling NT\$25,787. Yuanta Securities has retained the attorney-at-law to file an appeal. The appeal is now pending trial by the Supreme Court.	Upon evaluation, no material effect would be produced to Yuanta Securities’ operation or shareholders’ equity.
Seventy-Day Adventist Church Taiwan Conference and Taiwan Adventist Hospital applied for mediation against two (2) persons including Yuanta Securities, et al. to settle the dispute over the purchase and sale contract of land and parking lots.	NT\$ 952,511	January 2018	Yuanta Securities and the other person, and Seventy-Day Adventist Church Taiwan Conference and Taiwan Adventist Hospital	The Plaintiff petitioned for a mediation and claimed the value, NT\$574,000 (including NT\$572,350 to be paid jointly and severally), initially on January 9, 2018, and then increased the value as NT\$ 952,511 (including NT\$950,861 to be paid jointly and severally) on January 17, 2018. As a result, the mediation was held not sustained by Taiwan Taipei District Court eventually. The Plaintiff filed a complaint against the same matter separately on July 11, 2018 and claimed the value same as that claimed for the mediation. The case is now pending trial by Taiwan Taipei District Court. Yuanta Securities has retained its attorney-at-law to respond to it pursuant to laws.	Upon evaluation, no material effect would be produced to Yuanta Securities’ operation or shareholders’ equity.

Facts	Target Amount	Commencing Date of Litigation	Principle legal actions counterparty	Until the date of publication of the annual report Status	Remarks
Anbang Group Holdings Co. Limited and Anbang Life Insurance Co., Ltd. filed a counterclaim Yuanta Securities (Korea) and other four entities in an arbitration proceeding.	About KRW\$1,143,200 million	June 2017	Yuanta Securities (Korea) and the other four entities, and the petitioners for the counterclaim, Anbang Group Holdings Co. Limited and Anbang Life Insurance Co., Ltd.	Anbang Financial Holdings and Anbang Life Insurance claimed the value totaling KRW\$698,000 million initially. Then, they amended the claimed value as KRW\$ 1,143,200 million in the last written statement submitted by them. Yuanta Securities (Korea) denied the accusation of Anbang Financial Holdings and Anbang Life Insurance. The arbitration is pending pursuant to the arbitration rules.	Upon evaluation, no material effect would be produced to Yuanta Securities (Korea)'s operation or shareholders' equity.
Yuanta Securities(Hong Kong) raised a litigation proceeding against the account executive, claiming the guarantee liability owed by the account executive	About HK\$135 million	June 2017	Yuanta Securities(Hong Kong) and its former account executive	Yuanta Securities (HK) held the creditor's right as the transaction of the collaterals furnished by the customer engaged in margin trading. The former responsible sale representative also issued a letter of guarantee to Yuanta Securities (HK) with respect to the obligation, agreeing to secure the related loss to be caused to Yuanta Securities (HK) by said customers' margin trading. Yuanta Securities (HK) filed a complaint against the sale representative, claiming performance of the debt, while the sale representative denied the liability. The action is still pending now.	Upon evaluation, no material effect would be produced to Yuanta Securities (Korea)'s operation or shareholders' equity.
The former employee of Yuanta Securities (Thailand) (formerly known as KKTrade Securities Co., Ltd. was suspected of committing fraud. The clients filed a civil lawsuit against Yuanta Securities (Thailand) and the former employee for joint liability to pay the compensation.	About THB\$301 million	August 2017	Yuanta Securities (Thailand) and the other one (1) person, and Plaintiff Mr. Amnaj ○○ and the other four (4) persons.	The value claimed by the plaintiff involved the part about the private remittance of fund between it and the former employee, which was not remitted to the company account of Yuanta Securities (Thailand). Yuanta Securities (Thailand) denied its liability, and has retained attorneys-at-law to proceed with the action subsequently.	Upon evaluation, no material effect would be produced to Yuanta Securities (Thailand)'s operation or shareholders' equity.

(XIII) Other significant risk events and solution:

Value at risk (VaR) of positions held by the company in 2019 (99%, one day, unit: NT\$ thousand):

Risk Type	2019 (Individual)			
	Year end value 12/31/2019	VaR average	Minimum VaR	Maximum VaR
Equity risk	202,338	176,847	119,511	256,277
Interest rate risk	34,710	32,578	8,162	51,073
Exchange rate risk	3,472	3,511	747	8,402
Instrument risk	15,312	13,897	1,452	51,535
Subtotal	255,832	226,833	-	-
Minus: asset diversification effects	(41,014)	(38,258)	-	-
Total VaR	214,818	188,575	144,352	268,501

VII. Crisis management and responsive mechanism

In order to enable the Company to take responsive actions against related damage posed by any business crisis effectively and rapidly by judging related scenario, personnel organization and integration of resources, thereby mitigating the harm and loss caused by the crisis and restore the normal operation of organization rapidly, the Company adopted the “Crisis Management Policy and Procedural Rules” in accordance with Article 26 of its “Corporate Governance Best Practice Principles,” as the ultimate guidelines governing response to any crisis. Among the other things, the Company also enumerated the policy-based responsive measures and operating procedures against various crisis scenarios that would affect the Company’s normal operation, in order to train the Company’s management to control the development of crisis effectively when dealing with any major incident, and also mitigate the harm caused by the crisis to the Company.

Further, in order to build the enterprise-wide crisis and emergency responsive system and provide various departments with the related operating procedures in the case of occurrence of said incidents, the Company adopted the “Directions for Responsive Measures Against Emergencies” to ensure the departments’ sustainable operation. The Directions have expressly defined the responsive mechanism, resolution and feedback system against specific incidents. Various departments shall also prepare the “Emergency Response

Plan” of their own and define related operating procedures in the Plan. In the case of any emergency, various departments will respond to it in accordance with the directions and in the steps referred to in the Emergency Response Plan to deal with various emergencies effectively.

VIII. Other significant events: None

Section Eight

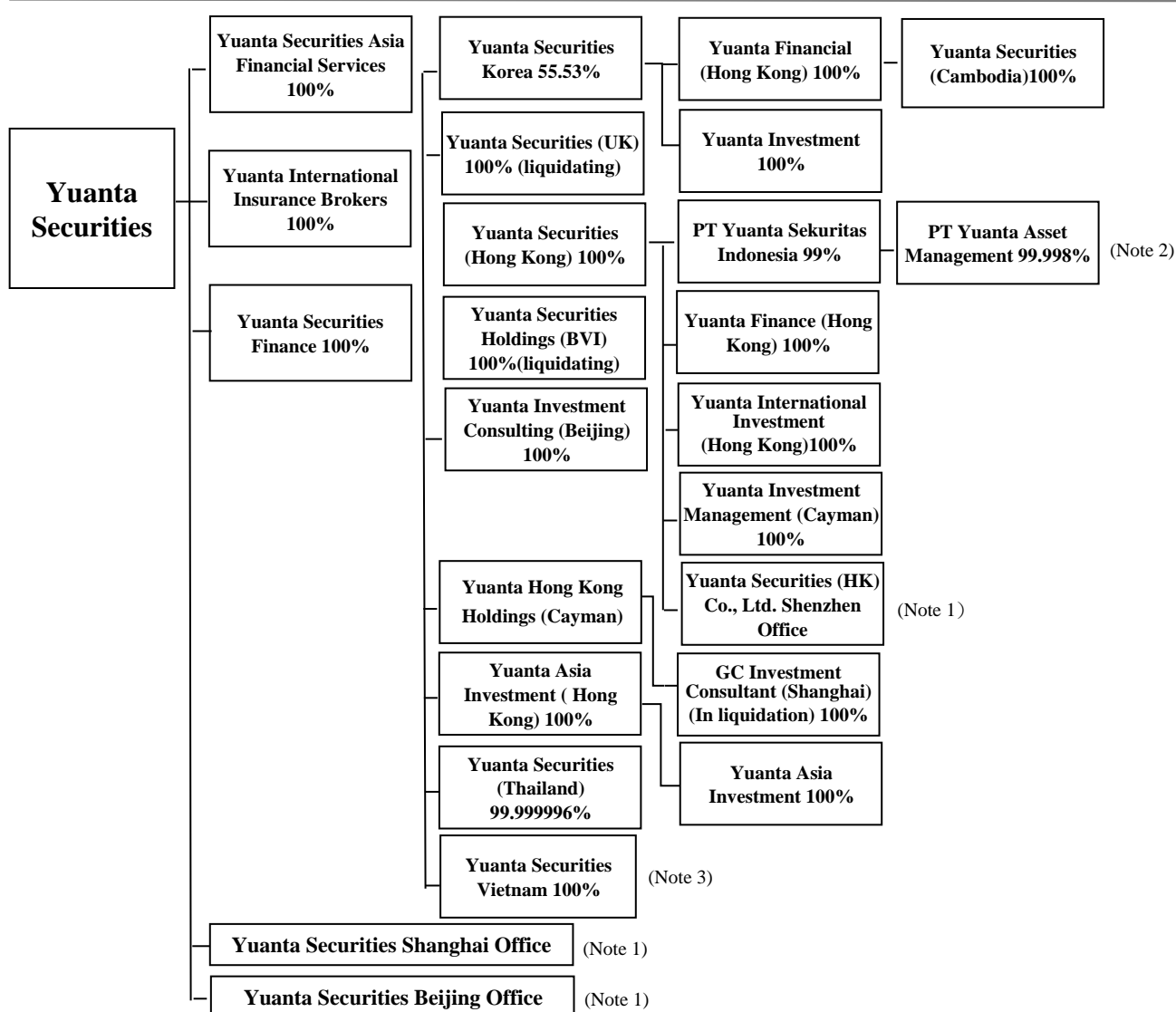
Special Notes

I. Information on the Company's affiliates

(I) Business report of the Company's affiliates

1. Organizational chart of the Company's affiliates

Date: Jan. 31, 2020



Note 1 : The shareholding shall not apply to a representative office in Mainland China, as it is not held as an affiliate defined under the Company Act.

Note 2 : Yuanta Securities (Hong Kong) also held 0.002% of the equity of PT Yuanta Asset Management.

Note 3 : Securities Asia Financial Services holds 85.24% of shares of Yuanta Securities Vietnam. Yuanta Securities (HK) holds 49.76% of shares of Yuanta Securities Vietnam. Yuanta Securities holds 100% of shares of Yuanta Securities Vietnam indirectly. Yuanta Securities Asia Financial Services holds 85.24% of shares of Yuanta Securities Vietnam Joint Stock Company. Yuanta Securities (HK) holds 14.76% of shares of Yuanta Securities Vietnam Joint Stock Company. Yuanta Securities holds 100% of shares of Yuanta Securities Vietnam Joint Stock Company indirectly, which was renamed as Yuanta Securities Vietnam Joint Stock Company on February 13, 2018 officially. Upon approval of the competent authority in Vietnam, the State Securities Commission (SSC), Yuanta Securities Vietnam Joint Stock Company was officially renamed Yuanta Securities Vietnam Limited Company on June 14, 2019.

2. Profile of affiliates

Units: NT\$1,000, US\$1,000, HK\$1,000, RMB\$1,000, KRW\$1,000, PHP\$1,000, THB\$1,000

Data baseline date: Jan. 31, 2020

Company name	Date of establishment (YYYY/MM/DD)	Address	Paid-in capital	Major of business operations
Yuanta International Insurance Broker	2001/07/05	2F-1, No. 225, Sec. 3, Nanjing E. Rd., Taipei City	NT\$5,000	Insurance broker
Yuanta Securities Finance	1970/03/10	12F., No.66, Sec. 1, Dunhua S. Rd., Taipei City	NT\$4,000,000	Securities Financing
Yuanta Securities Asia Financial Services	1996/06/11	Clarendon House 2 Church Street Hamilton HM11, Bermuda	US\$290,909	Investment holdings
Yuanta Securities (Hong Kong)	1992/10/22	23F, Tower 1, Admiralty Centre, 18 Harcourt Road, Hong Kong	HK\$2,268,133	Securities exchange, Futures trading, Leveraged foreign exchange, and Securities, Advise on futures contract, Advise on financing, and Provide asset management service
Yuanta Securities Holdings (BVI) (In liquidation)	2002/11/06	Tropic Isle Building P.O.Box 438, Road Town, Tortola, British Virgin Islands.	US\$10	Investment holdings
Yuanta Hong Kong Holdings Holdings (Cayman)	1996/11/05	P.O.Box 31119 Grand Pavilion , Hibiscus Way, 802 West Bay Road, Grand Cayman KY1-1205, Cayman Islands	US\$10,074	Investment holdings
Yuanta Investment Mangement (Cayman)	1994/01/14	P.O.Box 31119 Grand Pavilion , Hibiscus Way, 802 West Bay Road, Grand Cayman KY1-1205, Cayman Islands	US\$12,500	Investment holdings
Yuanta Asia Investment (HK)	1993/07/08	23F, Tower 1, Admiralty Centre, 18 Harcourt Road, Hong Kong	HK\$293,892	Securities exchange, Provide asset management service
GC Investment Consultant (Shanghai) Limited (in liquidation)	2001/09/10	A,B Site, 12F, No.138, Pudong Rd, Pudong New Area, Shanghai City, China	CNY\$ 4,138	Investment advisory services
Yuanta Investment Consulting (Beijing) Limited	2013/06/17	Rm.0706, Yinwang Center, No.113, Zhichun Rd., Beijing 100080, China	CNY\$18,428	Investment management consulting, Financial consulting, Corporate management consulting, Market data consulting, Economic and trading consulting, Merchandising, Technology promotion and technology service.
Yuanta Asia Investment	2014/04/10	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, VIRGIN ISLANDS, BRITISH	US\$30,000	Direct investment, Venture capital fund business, Venture capital fund raising and management, Investment consulting and advice.
Yuanta Securities Korea Co., Ltd.	1962/06/04	Yuanta Securities Bldg. #76, Euljiro (Euljiro 2-ga), Jung-gu, Seoul, Korea	KRW \$1,062,543,940	Securities trading, Advisory on securities, Advisory on futures, Underwriting, Asset management, Financial consulting, Futures trading
Yuanta Investment Co., Ltd.	1989/04/22	12F, Yuanta Securities Bldg.#76 Euljiro, Jung-gu, Seoul, Korea	KRW \$32,003,805	Investment business
Yuanta Financial (Hong Kong)	2009/04/29	Suite 22D, 24/F., Block D, Mai Luen Industrial Bldg., Kwai Chung, Hong Kong	HKD\$189,540	Investment holdings

Company name	Date of establishment (YYYY/MM/DD)	Address	Paid-in capital	Major of business operations
Yuanta Securities (Cambodia)	2010/02/24	4th Floor, Emerald Building, No. 64 (corner St. 178), Preah Norodom Blvd, Sangkat Chey Chumneah, Khan Daun Penh, Phnom Penh, Cambodia	USD\$12,500	Underwriting guidance, Financial consulting
PT Yuanta Sekuritas Indonesia	1989/11/22	Equity Tower 10th Floor, Unit EFGH, SCBD Lot 9, JL. Jendral Sudirman Kav 52-53 Jakarta 12190, Indonesia	IDR \$478,816,000	Securities trading, Underwriting
PT Yuanta Asset Management	2011/02/02	Equity Tower 10th Floor Unit B, SCBD Lot 9, JL. Jendral Sudirman Kav 52-53 Jakarta 12190, Indonesia	IDR\$45,200,000	Investment management
Yuanta Finance (Hong Kong)	2014/12/31	23F, Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong	HKD\$50,000	Credit Loan
Yuanta International Investment (Hong Kong)	2015/01/12	23F, Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty, HK	HKD\$50,000	Financial products issuance
Yuanta Securities (UK)(In liquidating)	2015/04/27	18 St Swithin's Lane, London EC4N 8AD	GBP\$2,000	Brokerage services for institutional investors
Yuanta Securities (Thailand)	1988/10/27	127 Gaysorn Tower, 14th-16th Floor, Ratchadamri Road, Lumpini, Pathumwa, Bangkok 10330	THB\$4,500,000	Securities brokerage, Proprietary trading, Investment banking, Investment consulting, Management of mutual fund, Management of private equity fund, Securities lending, Management of venture capital fund, Derivatives brokerage, Derivatives proprietary trading
Yuanta Securities Vietnam	1999/10/18	Level 4, Saigon Centre Tower 1, 65 Le Loi Boulevard, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam	VND \$1,000,000,000	Securities brokerage, Proprietary trading, Investment banking, Securities Investment Consulting
Yuanta Securities Shanghai Office	2004/08/10	1233 Lu-chia-tsui-huan Rd Huiya Bldg. Room 705A, Putung New District, Shanghai 200120, China	None	China market data collection
Yuanta Securities Beijing Office	2003/11/26	Rm. 1722, Tower 2, Guang Hua Chang An Building, No. 7 Jianguomen Avenue, Dongcheng District Beijing 10005 China	None	China market data collection
Yuanta Securities (HK) Co., Ltd. Shenzhen Office	2009/09/16	Unit 1103, No. 168, Shenzhen ICC Tower, Fuhua 3rd road, Futian Central District, Shenzhen, China	None	China market data collection

Note 1: Only the domestic and overseas investees in which the Company directly and indirectly holds more than 50% of voting shares are listed.

Note 2: The paid-in capital of the affiliate shall not apply to a representative office in Mainland China, as it is not held as an affiliate defined under the Company Act.

3. Directors, supervisors, and presidents of affiliates

Date: Jan. 31, 2019

Company name	Title	Name of individual or representative(s)	Shares held	
			Shares (1,000 shares)	Shareholding
Yuanta International Insurance Broker	Chairman Director Director Supervisor President	Yuanta Securities Representative: Liao-chin Lin Yuan-shan Lin Lieh-hsiung Chen Jing-ren Chen Liao-chin Lin	500	100%
Yuanta Securities Finance	Chairman Vice Chairman Director Director Director Supervisor Supervisor President	Yuanta Securities Representative: Ting Shian Huang Chieh Wu Rong Ting Hong Ming Lang Liu Mei Ling Guo Wen Ching Chiu Hsu Shu Mai Rong Ting Hong	400,000	100%
Yuanta Securities Asia Financial Services	Chairman Vice Chairman Director Director Director Director Director Director Director President	Tian-yi Huang Ming-hong Ho Pei-san chen Chi-chang Chen Hsu-chu Mai Wei-cheng Huang Ming-zheng Guo Feng-xiang Guo Hsuan-min Kuo Pei-san chen	290,909	100%
Yuanta Securities (Hong Kong)	Chairman Director Director Director Director Director Director President	Yi-ming Wang Miao-ru Chen Pei-san chen Wei-cheng Huang Zong-xian Wen Wen-qing Hsu Feng-xiang Guo Miao-ru Chen	2,268,133	100%
Yuanta Finance (Hong Kong)	Director Director Director President	Gui-ling Pan Miao-ru Chen Zong-xian Wen Zong-xian Wen	50,000	100%
Yuanta International Investment (Hong Kong)	Director Director Director	Miao-ru Chen Che-jung Kuo Wu-guang Yang	50,000	100%
Yuanta Securities Holdings (BVI) (In liquidating)	Director Director	Wen-qing Xu Tai-yuan Dai	10	100%
Yuanta Hong Kong Holdings Holdings (Cayman)	Director Director	Yi-ming Wang Tai-yuan Dai	10,074	100%
Yuanta Asia Investment (Hong Kong)	Director Director Director President	Yi-ming Wang Miao-ru Chen Hsiao-tsui Yu Miao-ru Chen	293,892	100%

Company name	Title	Name of individual or representative(s)	Shares held	
			Shares (1,000 shares)	Shareholding
Yuanta Investment Management (Cayman)	Director Director Director	Miao-ru Chen Yi-ming Wang Tai-yuan Dai	12,500	100%
GC Investment Consultant (Shanghai) (In liquidation)	Executive Director	Gu-bin Huang	-	100%
Yuanta Investment Consulting (Beijing)	Executive Director Supervisor	Yuanta Securities Asia Financial Services Representative: Wen-ping Shih Ming-ren Gu	-	100%
Yuanta Asia Investment	Director Director Director President	Hsiao-tsui Yu Hsiu-wei Chen (Yuanta Securities Asia Financial Services Representative) Tai-yuan Dai Hsiao-tsui Yu	35,000	100%
Yuanta Securities(UK) (In liquidation)	Director	Pei-san Chen(Liquidator)	2,000	100%
Yuanta Securities Korea	Director Director non-Executive Director Independent Director Independent Director Independent Director Independent Director President President	Myung Suk SUH Ming-zheng Guo Wei-cheng Hwang Seong Cheol GWEON Woo Kyu PARK Won Choon HWANG Duk Yi KIM Myung Suk SUH Ming-zheng Guo	110,837	55.53%
Yuanta Investment	Director Director non-Executive Director Supervisor President	Ki Suk YANG Choong Hoon KIM Guen Woo LEE Sang Eun LEE Ki Suk YANG	3,554	55.53% [Note1]
Yuanta Financial (Hong Kong)	Director	Sang Eun LEE	10,525	55.53% [Note 2]
Yuanta Securities (Cambodia) Plc.	Director Director Director Director President	Kyung Tae HAN Yeo Cheol Yoon In Ho JUNG Guen Woo LEE Sim Dara Kyung Tae HAN	6,941	55.53% [Note 3]
PT Yuanta Sekuritas Indonesia	Director Director Director Director Commissioner Independent Commissioner Commissioner CEO President Director	Surya Widjaja Luki Suryanto Setiawan Darmawidjaja Helda Gunawan Tian-yi Huang Mohamad Fiscana,Se,Mh Dong-tai Yu Surya Widjaja Surya Widjaja	474	99 % [Note 4]

Company name	Title	Name of individual or representative(s)	Shares held	
			Shares (1,000 shares)	Shareholding
PT Yuanta Asset Management	Director	James Enoch	45.2	100% [Note 5]
	Director	Herdianto Budiarno		
	Commissioner	Ai Khim Tay		
	Commissioner	Tsung-sheng Liu		
	CEO	James Enoch		
Yuanta Securities (Thailand)	President Director	James Enoch	450,000	99.99% [Note 6]
	Director	Charnsak Thanataecha		
	Director	Tian-yi Huang		
	Director	Pei-san Chen		
	Director	Ai Khim Tay		
	Director	Wei-cheng Hwang		
	Director	Zhao-qing Wang		
	Director	Feng-xiang Guo		
	Director	Boonporn Boriboonsongsilp		
	Director	Pusit Kaewmongkolsri		
Yuanta Securities Vietnam	Director	Prasert Bunsumpun	100,000	100% [Note 7]
	CEO	Boonporn Boriboonsongsilp		
	Chairman	Tian-yi Huang		
	Authorized representative	Tian-yi Huang		
	Authorized representative	Le Minh Tam		
	Authorized representative	Pei-san Chen		
	Authorized representative	Feng-xiang Guo		
	Authorized representative	Wei-ching Chien		
	Authorized representative	Jen-kai Chao		
	Authorized representative	Wei-cheng Hwang		
	Authorized representative	Yi-ming Wang		
	Controller	Ong Cheow Keng		
	Controller	Chia-hsiung Lu		
	Controller	Mac Huu Danh		
	CEO	Le Minh Tam		

Note 1: Yuanta Securities Korea Co., Ltd. is 100% owner of Yuanta Investment Co., Ltd.; Yuanta Securities is an indirect 55.53% owner of Yuanta Investment Co., Ltd..

Note 2: Yuanta Securities Korea Co., Ltd. is 100% owner of Yuanta Financial (HK) Ltd.; Yuanta Securities is an indirect 55.53% owner of Yuanta Financial (HK) Ltd..

Note 3: Yuanta Financial (HK) Ltd. is 100% owner of Yuanta Securities (Cambodia); Yuanta Securities Korea Co., Ltd. is 100% owner of Yuanta Securities (Cambodia); Yuanta Securities is an indirect 55.53% owner of Yuanta Securities (Cambodia).

Note 4: Yuanta Securities (HK) is a 99% owner of PT Yuanta Sekuritas Indonesia; Yuanta Securities is an indirect 99% owner of PT Yuanta Sekuritas Indonesia.

Note 5: PT Yuanta Securities Indonesia is a 99.998% owner of PT Yuanta Asset Management; Yuanta Securities (HK) is a 0.002% owner of PT Yuanta Asset Management. Yuanta Securities is an indirect 100% owner of PT Yuanta Asset Management.

Note 6: Yuanta Securities Asia Financial Services is a 99.999996% owner of Yuanta Securities (Thailand).

Note 7: Yuanta Securities Asia Financial Services is 85.24% owner of the Yuanta Securities Vietnam; Yuanta Securities (Hong Kong) is 14.76% owner of the Yuanta Securities Vietnam; Yuanta Securities is an indirect 100% owner of the Yuanta Securities Vietnam, and changed its name into Yuanta Securities Vietnam Joint Stock Company in 2018/02/13. Upon completion of the acquisition of the minority equity on November 29, 2018, Yuanta Securities Vietnam Joint Stock Company had only two shareholders, namely Yuanta Securities Asia Financial Services and Yuanta Securities (HK). Therefore, the company type was changed pursuant to laws, and the company was renamed from “Yuanta Securities Vietnam Joint Stock Company” into “Yuanta Securities Vietnam Limited Company.”

4. Financial status of affiliates

Unit: NT\$ thousand
Date: Dec. 31, 2019

Company name	Capital	Total assets	Total liabilities	Net equity	Operating revenue	Operating profit	Net income this period (after taxes)	EPS (NT\$) (after taxes)
Yuanta Securities Asia Financial Services	8,758,110	37,293,919	3,966,523	33,327,396	142,447	(121,117)	1,482,599	5.10
Yuanta International Insurance Broker	5,000	385,447	123,842	261,605	876,722	313,521	251,025	502.05
Yuanta Securities Finance (Note 4)	4,000,000	32,361,516	21,305,422	11,056,094	760,165	297,202	490,547	1.23
Yuanta Securities Holdings (BVI) (Note 3)	301	9,899	20	9,879	4	(179)	2,387	238.70
Yuanta Securities (Hong Kong)	8,768,600	38,769,743	30,726,724	8,043,019	2,292,014	277,890	257,793	0.11
Yuanta Asia Investment (Hong Kong)(Note 5)	1,136,185	1,079,179	2,315	1,076,864	(10)	(1,361)	(61,787)	(0.21)
Yuanta Investment Consulting (Beijing)	79,666	23,805	1,364	22,441	307	(8,394)	(8,375)	
Yuanta Asia Investment	1,053,710	1,054,618	21,051	1,033,567	62,419	10,179	16,448	0.47
Yuanta Hong Kong Holdings Holdings (Cayman)	303,275	341,350	1,150	340,200	11	(422)	10,520	1.04
Yuanta Securities (UK)(Note1)	79,060	39,468	498	38,970	0	(863)	(749)	(0.37)
Yuanta Securities (Thailand)	4,540,950	19,631,766	14,830,961	4,800,805	1,873,165	62,815	55,836	0.12
Yuanta Securities Vietnam (Note2)	1,300,000	2,856,431	1,472,300	1,384,131	291,748	10,674	15,969	0.16
Yuanta Securities Korea	27,679,270	321,410,906	288,488,744	32,922,162	14,059,217	1,955,757	2,158,298	10.81
Yuanta Investment	833,699	2,231,222	50,255	2,180,966	118,618	4,592	148,585	23.21
Yuanta Financial (Hong Kong)	732,762	443,547	106	443,440	1,989	615	625	0.03
Yuanta Securities (Cambodia) Plc.	376,325	356,586	3,459	353,127	37,886	8,113	8,555	0.68
Yuanta International Investment (Hong Kong)	193,300	1,330,230	1,090,688	239,542	36,658	11,035	13,538	0.27
Yuanta Finance (Hong Kong)	193,300	975,129	761,407	213,722	9,203	(18,308)	(19,373)	(0.39)
PT Yuanta Sekuritas Indonesia	1,040,467	1,687,466	951,688	735,778	152,074	(121,329)	(122,245)	(255.31)

Company name	Capital	Total assets	Total liabilities	Net equity	Operating revenue	Operating profit	Net income this period (after taxes)	EPS (NT\$) (after taxes)
PT Yuanta Asset Management	111,258	14,873	11,358	3,516	1,525	(20,861)	(21,869)	(427.13)
Yuanta Investment Management (Cayman)	376,325	2,144,710	1,833,321	311,389	158,818	30,685	31,534	2.52
GC Investment Consultant (Shanghai) (In liquidation)	17,887	24,303	475	23,828	0	186	186	

Note 1: The motion for dissolution and liquidation of Yuanta Securities (UK) was resolved and passed at the directors' meeting in July 2018.

Note 2: 85.24% held by subsidiary, Yuanta Securities Asia Financial Services, a subsidiary of Yuanta Securities, 14.76% held by Yuanta Securities (HK), an indirect subsidiary of Yuanta Securities, and a total of 100% held by both.

Note 3: Yuanta Securities Holdings (BVI) was dissolved and liquidated per the resolution approved by the Board of Directors in June 2019. The record date of liquidation was set as December 27, 2019, and the liquidation was completed on February 14, 2020.

Note 4: Yuanta Securities acquired Yuanta Securities Finance in March 2019.

Note 5: Yuanta Securities Asia Financial Services increased capital in Yuanta Asia Investment (Hong Kong) per the resolution approved by the Board of Directors in May 2019. The capital increase was completed in September 2019. Yuanta Asia Investment (Hong Kong) was formerly known as Polaris Securities (Hong Kong), and renamed as Yuanta Asia Investment (Hong Kong) in September 2019.

Exchanges rates as of Dec. 31, 2019

HKD\$/TWD\$=	Average	3.946573	Ending	3.866000
SGD\$/TWD\$=	Average	22.669595	Ending	22.370000
USD\$/TWD\$=	Average	30.921067	Ending	30.106000
CNY\$/TWD\$=	Average	4.475040	Ending	4.323000
KRW\$/TWD\$=	Average	0.026541	Ending	0.026050
PHP\$/TWD\$=	Average	0.597198	Ending	0.594050
IDR\$/TWD\$=	Average	0.002187	Ending	0.002173
GBP\$/TWD\$=	Average	39.472890	Ending	39.530000
VND\$/TWD\$=	Average	0.001332	Ending	0.001300
THB\$/TWD\$=	Average	0.996230	Ending	1.009100

II. Private placement of securities: None

In 2019 and as of publication of this annual report, the Company has no privately placed securities.

III. Shares of the Company held or disposed of by subsidiaries: None

In 2019 and as of publication of this annual report, the Company's subsidiaries did not hold or dispose of the Company's stock.

IV. Other supplementary information or explanations: None

Section Nine

Significant issues during the past year and as of publication of this annual report which might affect shareholders' equity or price of shares pursuant to Item 2, Paragraph 2, Article 36 of the Securities and Exchange Law:

None



Yuanta Securities Co., Ltd.