PRESIDENT SECURITIES CORPORATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

MARCH 31, 2020 AND 2019

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

REVIEW REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

PWCR20000119

To the Board of Directors and Shareholders of President Securities Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of President Securities Corporation and subsidiaries as at March 31, 2020 and 2019, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three months then ended and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Firms", "Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants" and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission. Our responsibility is to issue a report on these consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As explained in Notes 4(3) and 6(12), the financial statements of certain insignificant consolidated subsidiaries and investments accounted for under equity method were not reviewed by independent accountants. Those statements reflect total assets of $3,903,626 thousand and $3,951,912 thousand, constituting 4.76% and 4.39% of the consolidated total assets, and total liabilities of $944,332 thousand and $1,086,258 thousand, constituting 1.68% and 1.71% of the consolidated total liabilities as at March 31, 2020 and 2019, and total comprehensive income of ($51,395) thousand and $8,891 thousand, constituting 5.61% and 0.88% of the consolidated total comprehensive income for the three months then ended. Balance of such investments accounted for under equity method as at March 31, 2020 and 2019 were $607,124 thousand and $604,252 thousand, respectively; President Securities Corporation and subsidiaries' share of comprehensive income of associates and joint ventures accounted for under equity method, including share of profit or loss of associates and joint ventures accounted for under equity method and share of other comprehensive income of associates and joint ventures accounted for under equity method for the three months then ended were $28,271 thousand and $34,559 thousand, constituting (3.08%) and 3.42% of total consolidated comprehensive income, respectively.

Qualified Conclusion

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had financial statements of certain insignificant consolidated subsidiaries and investments accounted for under equity method been reviewed by independent accountants, that we might have become aware of had it not been for the situation described above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of President Securities Corporation and subsidiaries as at March 31, 2020 and 2019, and of its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Firms", "Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants" and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission.

Lin, Se-Kai

Independent Accountants

LO, Chiao-Sen

For and on behalf of PricewaterhouseCoopers, Taiwan

May 7, 2020

The accompanying consolidated financial statements are not intended to present the financial position and financial performance 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.

PRESIDENT SECURITIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2020, DECEMBER 31, 2019 AND MARCH 31, 2019
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)
(The consolidated balance sheets as at March 31, 2020 and 2019 are reviewed, not audited)

	Assets	Notes	March 31, 2020 AMOUNT	%	December 31, 2019 AMOUNT	%	March 31, 2019 AMOUNT	%
110000	**Current assets**							
111100	Cash and cash equivalents	6(1)	$ 6,389,050	8	$ 6,520,146	7	$ 6,664,513	8
112000	Financial assets at fair value through profit or loss - current	6(2)	29,431,263	36	44,512,465	46	39,297,855	44
113200	Financial assets at fair value through other comprehensive income - current	6(3)	1,092,172	1	-	-	300,086	-
114010	Bonds purchased under resale agreements	6(4)	-	-	-	-	95,970	-
114030	Margin loans receivable	6(5)	6,201,570	8	10,024,189	10	8,608,494	10
114040	Refinancing security deposits		26,278	-	102,545	-	21,772	-
114050	Receivables from refinance guaranty		21,908	-	88,759	-	18,371	-
114060	Receivable of securities business money lending		373,842	-	517,809	1	41,621	-
114070	Customer margin account	6(6)	18,677,292	23	13,735,712	14	10,955,998	12
114090	Receivables from security lending		95,992	-	101,043	-	11,454	-
114100	Security lending deposits		657,180	1	543,171	1	224,632	-
114110	Notes receivable		623	-	697	-	900	-
114130	Accounts receivable	6(7)	11,561,124	14	12,184,588	13	15,960,417	18
114150	Prepayments		31,118	-	22,557	-	64,547	-
114170	Other receivables	6(8)	46,533	-	105,548	-	66,861	-
114600	Current tax assets		1,636	-	1,048	-	4,901	-
119000	Other current assets	6(9)	1,476,583	2	1,621,697	2	1,840,720	2
110000	**Total current assets**		76,084,164	93	90,081,974	94	84,179,112	94
120000	**Noncurrent assets**							
122000	Financial assets at fair value through profit or loss - noncurrent	6(2)	70,202	-	71,296	-	69,024	-
123200	Financial assets at fair value through other comprehensive income - noncurrent	6(3)	607,196	1	591,596	1	675,324	1
124100	Investments accounted for under equity method	6(12)	607,124	1	578,853	1	604,252	1
125000	Property and equipment, net	6(13)	2,450,856	3	2,443,964	3	2,433,946	3
125800	Right-of-use assets	6(14)	217,770	-	221,669	-	256,918	-
126000	Investment property	6(16)	272,078	-	272,603	-	274,178	-
127000	Intangible assets	6(17)	128,757	-	129,160	-	120,213	-
128000	Deferred tax assets	6(47)	146,528	-	135,265	-	126,173	-
129000	Other assets - noncurrent	6(18)	1,366,378	2	1,228,020	1	1,236,365	1
120000	**Total noncurrent assets**		5,866,889	7	5,672,426	6	5,796,393	6
906001	**Total Assets**		$ 81,951,053	100	$ 95,754,400	100	$ 89,975,505	100

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PRESIDENT SECURITIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2020, DECEMBER 31, 2019 AND MARCH 31, 2019
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)
(The consolidated balance sheets as at March 31, 2020 and 2019 are reviewed, not audited)

	Liabilities and Equity	Notes	March 31, 2020 AMOUNT	%	December 31, 2019 AMOUNT	%	March 31, 2019 AMOUNT	%
210000	**Current liabilities**							
211100	Short-term loans	6(19)	$ 3,158,263	4	$ 2,964,959	3	$ 5,509,456	6
211200	Commercial papers payable	6(20)	2,099,694	3	9,596,704	10	699,984	1
212000	Financial liabilities at fair value through profit or loss - current	6(21)	933,282	1	848,628	1	565,594	1
214010	Bonds sold under repurchase agreements	6(22)	13,908,293	17	20,956,256	22	21,642,365	24
214040	Deposits on short sales		792,126	1	1,558,717	2	1,258,409	1
214050	Short sale proceeds payable		940,356	1	1,888,832	2	1,414,379	2
214070	Guarantee deposit received on borrowed securities		4,833	-	56,004	-	49,103	-
214080	Futures traders' equity	6(6)	18,635,778	23	13,713,667	14	10,933,600	12
214090	Equity for each customer in the account		4,385	-	633	-	-	-
214130	Accounts payable	6(23)	11,481,783	14	12,456,602	13	16,275,937	18
214150	Advance receipts		5,173	-	2,373	-	1,848	-
214160	Collections on behalf of third parties		439,955	-	378,293	-	520,281	1
214170	Other payables	6(24)	1,029,938	1	1,347,681	2	898,155	1
214200	Other financial liabilities - current	6(25)	2,198,460	3	2,743,866	3	3,240,610	4
214600	Current tax liability		195,969	-	203,745	-	174,691	-
216000	Current lease liabilities		84,547	-	82,407	-	97,044	-
219000	Other current liabilities		29,358	-	21,893	-	17,871	-
210000	**Total current liabilities**		55,942,193	68	68,821,260	72	63,299,327	71
220000	**Noncurrent liabilities**							
225100	Non-current provisions		5,694	-	4,180	-	-	-
226000	Non-current lease liabilities		126,086	-	134,780	-	155,765	-
228000	Deferred tax liability	6(47)	14,651	-	12,894	-	13,832	-
229000	Other liabilities-noncurrent	6(26)	13,602	-	15,514	-	16,214	-
220000	**Total noncurrent liabilities**		160,033	-	167,368	-	185,811	-
906003	**Total Liabilities**		56,102,226	68	68,988,628	72	63,485,138	71
300000	**Equity attributable to owners of the parent company**							
301000	**Capital**							
301010	Common stock	6(28)	13,723,900	17	13,723,900	14	13,904,281	15
302000	**Capital reserve**		91,261	-	91,261	-	142,702	-
304000	**Retained earnings**	6(28)						
304010	Legal reserve		2,876,769	3	2,876,769	3	2,755,737	3
304020	Special reserve		7,130,830	9	7,130,830	7	6,945,453	8
304040	Unappropriated earnings		1,431,590	2	2,355,105	3	2,202,116	2
305000	**Other equity interest**		524,743	1	521,815	1	702,144	1
305500	**Treasury shares**	6(28)	-	-	-	-	(231,822)	-
300000	**Total**		25,779,093	32	26,699,680	28	26,420,611	29
306000	**Non-controlling interests**		69,734	-	66,092	-	69,756	-
906004	**Total Equity**		25,848,827	32	26,765,772	28	26,490,367	29
906002	**Total liabilities and equity**		$ 81,951,053	100	$ 95,754,400	100	$ 89,975,505	100

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

PRESIDENT SECURITIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS ENDED MARCH 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)
(Reviewed, not audited)

	Items	Notes	Three months ended March 31			
			2020		2019	
			AMOUNT	%	AMOUNT	%
400000	**Revenues**					
401000	Brokerage handling fee revenue	6(30)	$ 709,120	175	$ 469,619	22
404000	Revenues from underwriting business	6(31)	5,412	1	4,213	-
406000	Gain on wealth management		3,786	1	3,192	-
410000	Gain on sale of operating securities	6(32)	(757,351)	(187)	1,057,683	50
421100	Revenue from providing agency service for stock affairs		17,421	4	17,220	1
421200	Interest income	6(33)	317,473	79	279,027	13
421300	Dividend income		21,024	5	8,604	1
421500	Valuation gain (loss) on operating securities at fair value through profit or loss	6(34)	(883,844)	(219)	700,934	33
421600	Gain on covering of borrowed securities and bonds with resale agreements-short sales	6(35)	192,979	48	22,180	1
421610	Valuation (loss) gain on borrowed securities and bonds with resale agreements-short sales at fair value through profit or loss	6(36)	163,610	40	(34,394)	(1)
422000	Loss on issuance of ETNs		2,175	1	-	-
422200	Gain from issuance of call (put) warrants	6(37)	55,781	14	4,573	-
424400	(Loss) gain from derivatives	6(38)	412,313	102	(469,666)	(22)
425300	Impairment gain and reversal of impairment loss	6(39)	5,977	2	(14,327)	(1)
428000	Other operating income	6(40)	138,473	34	60,435	3
	Total revenues		404,349	100	2,109,293	100
500000	**Expenses**					
501000/ 502000/ 503000/	Handling charges	6(41)	(145,322)	(36)	(149,130)	(7)
521200	Interest expenses	6(42)	(129,777)	(32)	(120,621)	(6)
524100	Futures commission expense		(34,717)	(9)	(18,573)	(1)
524300	Expense of clearing and settlement		(33,190)	(8)	(22,600)	(1)
528000	Other operating expenditure		-	-	(1)	-
531000	Employee benefits expense	6(43)	(631,306)	(156)	(646,634)	(31)
532000	Depreciation and amortization	6(44)	(50,849)	(13)	(50,981)	(2)
533000	Other operating expenses	6(45)	(351,493)	(87)	(255,449)	(12)
	Total expenditures and expenses		(1,376,654)	(341)	(1,263,989)	(60)

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PRESIDENT SECURITIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS ENDED MARCH 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)
(Reviewed, not audited)

			Three months ended March 31			
			2020		2019	
	Items	Notes	AMOUNT	%	AMOUNT	%
	Operating (loss)profit		($ 972,305)	(241)	$ 845,304	40
601000	Share of the profit or loss of associates and joint ventures accounted for under the equity method	6(12)	27,297	7	28,327	1
602000	Other gains and losses	6(46)	13,739	3	92,456	5
902001	**(Loss)profit before tax**		(931,269)	(231)	966,087	46
701000	Income tax expense	6(47)	11,065	3	(41,262)	(2)
902005	**Net (loss)income**		($ 920,204)	(228)	$ 924,825	44
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
805540	Unrealized (loss) gain from investments in equity instruments at fair value through other comprehensive income		($ 31,016)	(7)	$ 70,745	4
805550	Other comprehensive gain of associates and joint ventures accounted for under equity method		974	-	6,232	-
	Items may be reclassified to profit of loss subsequently					
805610	Translation (loss) gain on the financial statements of foreign operating entities		33,301	8	4,538	-
805615	Unrealized loss from investments in debt instruments at fair value through other comprehensive income		-	-	3,402	-
805000	**Current other comprehensive income (post-tax)**		$ 3,259	1	$ 84,917	4
902006	**Total current comprehensive income**		($ 916,945)	(227)	$ 1,009,742	48
	Income(loss) attributable to:					
913100	Parent company		($ 923,515)	(228)	$ 923,644	44
913200	Non-controlling interest		$ 3,311	-	$ 1,181	-
	Current comprehensive income attributable to:					
914100	Parent company		($ 920,587)	(227)	$ 1,006,448	48
914200	Non-controlling interests		$ 3,642	-	$ 3,294	-
	Earnings(loss) per share					
975000	**Basic earnings(loss) per share (in dollars)**		($ 0.67)		$ 0.67	
985000	**Diluted earnings(loss) per share (in dollars)**		($ 0.67)		$ 0.67	

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

PRESIDENT SECURITIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
THREE MONTHS ENDED MARCH 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)
(Reviewed, not audited)

	Equity attributable to owners of the parent										
			Retained Earnings			Other equity interest					
	Common stock	Capital reserve	Legal reserve	Special reserve	Unappropriated earnings	Translation gain and loss on the financial statements of foreign operating entities	Unrealised gain or loss on financial assets measured at fair value through other comprehensive income	Treasury shares	Total	Non-controlling interests	Total equity
For the three months ended March 31, 2019											
Balance at January 1, 2019	$ 13,904,281	$ 142,702	$ 2,755,737	$ 6,945,453	$ 1,278,472	$ 19,251	$ 600,089	$ -	$ 25,645,985	$ 66,462	$ 25,712,447
Net income for the three months ended March 31, 2019	-	-	-	-	923,644	-	-	-	923,644	1,181	924,825
Other comprehensive income for the three months ended March 31, 2019	-	-	-	-	-	4,538	78,266	-	82,804	2,113	84,917
Total comprehensive income for the three months ended March 31, 2019	-	-	-	-	923,644	4,538	78,266	-	1,006,448	3,294	1,009,742
Purchase of Treasury shares	-	-	-	-	-	-	-	(231,822)	(231,822)	-	(231,822)
Balance at March 31, 2019	$ 13,904,281	$ 142,702	$ 2,755,737	$ 6,945,453	$ 2,202,116	$ 23,789	$ 678,355	($ 231,822)	$ 26,420,611	$ 69,756	$ 26,490,367
For the three months ended March 31, 2020											
Balance at January 1, 2020	$ 13,723,900	$ 91,261	$ 2,876,769	$ 7,130,830	$ 2,355,105	($ 58,216)	$ 580,031	$ -	$ 26,699,680	$ 66,092	$ 26,765,772
Net (loss)income for the three months ended March 31, 2020	-	-	-	-	(923,515)	-	-	-	(923,515)	3,311	(920,204)
Other comprehensive income for the three months ended March 31, 2020	-	-	-	-	-	33,301	(30,373)	-	2,928	331	3,259
Total comprehensive income for the three months ended March 31, 2020	-	-	-	-	(923,515)	33,301	(30,373)	-	(920,587)	3,642	(916,945)
Balance at March 31, 2020	$ 13,723,900	$ 91,261	$ 2,876,769	$ 7,130,830	$ 1,431,590	($ 24,915)	$ 549,658	$ -	$ 25,779,093	$ 69,734	$ 25,848,827

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

PRESIDENT SECURITIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)
(Reviewed, not audited)

	Notes	Three months ended March 31 2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) profit before tax		($ 931,269)	$ 966,087
Adjustments			
Income and expenses having no effect on cash flows			
Depreciation	6(44)	44,538	45,420
Amortization	6(44)	6,311	5,561
Impairment gain and reversal of impairment loss	6(39)	(5,966)	14,341
(Gain) loss on valuation of trading securities	6(34)	883,844	(700,934)
Loss (Gain) on valuation of borrowed securities and bonds with resale agreements	6(36)	(163,610)	34,394
Financial expense	6(42)	129,761	120,621
Interest income (include financial income)	6(33)(46)	(361,715)	(323,111)
Dividend income		(21,213)	(8,604)
Share of the profit of associates and joint ventures accounted for under the equity method	6(12)	(27,297)	(28,327)
Loss on disposal of property and equipment	6(13)	30	-
(Gain) loss on valuation of non-operating financial instrument	6(46)	8,883	(9,113)
Changes in assets/liabilities relating to operating activities			
Changes in operating assets			
Financial assets at fair value through profit or loss		14,185,596	(10,914,576)
Financial assets at fair value through other comprehensive income - current		(1,138,789)	(1,011)
Bonds purchased under resale agreements		-	(2,777)
Margin loans receivable		3,836,633	(601,887)
Refinancing security deposits		76,267	(17,370)
Receivables from refinance guaranty		66,851	(9,984)
Receivable of securities business money lending		143,967	(41,621)
Customer margin account		(4,941,580)	635,304
Receivables from security lending		5,051	66,862
Security lending deposits		(114,009)	560,799
Notes receivable		74	285
Accounts receivable		88,709	(7,007,664)
Prepayments		(8,561)	(48,062)
Other receivables		55,045	(37,066)
Other current assets		145,114	(200,497)
Net changes in liabilities relating to operating activities			
Bonds sold under repurchase agreements		(7,047,963)	6,575,766
Financial liabilities at fair value through profit or loss - current		248,264	(334,897)
Deposits on short sales		(766,591)	(508,860)
Short sale proceeds payable		(948,476)	(592,823)
Guarantee deposit received on borrowed securities		(51,171)	48,482
Futures traders’ equity		4,922,111	(641,034)
Equity for each customer in the account		3,752	-
Accounts payable		(525,497)	7,741,196
Advance receipts		2,800	873
Collections on behalf of third parties		61,662	157,703
Other payables		(320,862)	(22,133)
Other financial liabilities - current		(545,406)	553,601
Other current liabilities		7,465	(3,410)

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PRESIDENT SECURITIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)
(Reviewed, not audited)

	Notes	Three months ended March 31 2020	2019
Cash inflow (outflow) generated from operations		$ 7,002,753	($ 4,528,466)
Interest received		463,415	332,920
Dividends received		22,508	8,108
Income tax paid		(6,805)	(5,625)
Net cash flows from (used in) operating activities		7,481,871	(4,193,063)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment	6(13)	(7,605)	(7,689)
Proceeds from disposal of property and equipment		48	-
Acquisition of intangible assets	6(17)	(2,522)	(660)
Increase in other non-current assets		(138,536)	24,104
Increase in prepayment for equipment		(22,246)	(5,134)
NewItem		31	-
Net cash flows (used in) from investing activities		(170,830)	10,621
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (decrease) in short-term loans		193,303	4,569,577
Increase (decrease) in commercial papers payable		(7,500,000)	700,000
Payments of lease liabilities		(25,534)	(28,716)
Increase (decrease) in other non-current liabilities		(1,911)	349
Acquisition of treasury stocks	6(28)	-	(231,822)
Interest paid		(141,306)	(99,917)
Net cash flows (used in) from financing activities		(7,475,448)	4,909,471
Effect of exchange rate changes		33,311	4,815
Net (decrease) increase in cash and cash equivalents		(131,096)	731,844
Cash and cash equivalents at beginning of period		6,520,146	5,932,669
Cash and cash equivalents at end of period		$ 6,389,050	$ 6,664,513

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

PRESIDENT SECURITIES CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2020 AND 2019

(Expressed in thousands of New Taiwan dollars)

(Reviewed, not audited)

1. HISTORY AND ORGANIZATION

1) President Securities Corporation (the "Company") was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China (R.O.C.) on December 17, 1988, and was renamed as President Securities Corporation on March 4, 1989. The Company started commercial operations on April 3, 1989. As of March 31, 2020, the Company had 31 operating branches (including the Head Office), and established Offshore Securities Unit in July 2014.
2) The Company and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in underwriting of securities, dealing or brokerage business of securities at the securities exchange markets and business premises, registration and transfer agency service for securities, margin loans and short sales business of securities, securities lending and borrowing business, futures introducing brokerage services, futures dealing, issuance of call (put) warrants, new financial instrument transactions, wealth management business, and trust business.
3) The Company's shares are listed on the Taiwan Stock Exchange.
4) The number of employees of the Group were 1, 687 and 1,724 as of March 31, 2020 and 2019, respectively.

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

These consolidated financial statements were reported to the Board of Directors on May 7, 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 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	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7, 'Interest rate benchmark reform'	January 1, 2020

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

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

None.

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

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

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2021
Amendments to IAS 1, 'Classification of liabilities as current or 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 Group's significant accounting policies are described below:

1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Firms", and "Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants", and the International Accounting Standards No.34, 'Interim financial reporting' 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 financial assets measured at fair value.

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

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

3) <u>Basis of consolidation</u>

A. Basis for preparation of consolidated financial statements:

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

(B) Intercompany 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.

(C) 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.

(D) 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 recognized directly in equity.

(E) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss, on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

(Blank below)

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		
			March 31, 2020	December 31, 2019	March 31, 2019
The Company	President Futures Corp. (President Futures)	Futures brokerage	96.69%	96.69%	96.69%
〃	President Capital Management Corp. (President Capital Management)	Securities investment consulting	100%	100%	100%
〃	President Securities (HK) Ltd.(President Securities (HK)) (Note 1)	Securities dealer, brokerage, underwriting and consulting	5.19%	5.19%	5.19%
〃	President Securities (BVI) Ltd.(President Securities (BVI))(Note 2)	Securities investment and holding company	100%	100%	100%
〃	President Insurance Agency Corp. (President Insurance Agency)	Insurance Agent	100%	100%	100%
〃	PSC Venture Capital Investment Company Limited (President Venture Capital)	Consultation of investment management and venture capital; other unprohibited or unrestricted businesses beyond the	100%	100%	100%
President Securities (BVI)	President Securities (HK) Ltd. (Note 1)	Securities dealer, brokerage, underwriting and consulting	94.81%	94.81%	94.81%
〃	President Wealth Management (HK) Ltd.(President Wealth Management (HK))	Wealth management	100%	100%	100%
〃	President Securities (Nominee) Ltd. (President Securities (Nominee))	Nominee Service	100%	100%	100%

Note 1: The Company holds all the shares of President Securities (HK) with President Securities (BVI).

Note 2: The dissolution and liquidation of President Securities (BVI) was approved by the board of directors in March 2020.

Note 3: Except for President Futures' financial statements for the three months ended March 31, 2020 and 2019 that were reviewed by independent accountants, the above-listed subsidiaries included in the consolidated financial statements for the three months ended March 31, 2020 and 2019, were not reviewed by independent accountants.

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 pay off 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 paid off within the normal operating cycle;

(B) Liabilities arising mainly from trading activities;

(C) Liabilities that are to be paid off 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 foreign currency transactions

A. Foreign currency translation and presentation

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates (the “functional currency”). Functional currency and bookkeeping currency of the Company and its domestic subsidiaries are all New Taiwan Dollars; functional currency and bookkeeping currency of overseas subsidiaries-President Securities (HK), President Wealth Management (HK), and President Securities (Nominee) are Hong Kong Dollars; and functional currency and bookkeeping currency of President Securities (BVI) are US Dollars. The consolidated financial statements are presented in New Taiwan Dollars.

B. Foreign currency transactions and balances

Foreign currency transactions denominated in a foreign currency or required to settle in a foreign currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated by the closing exchange rate at balance sheet date. The closing exchange rate is determined by the market exchange rate. Non-monetary assets and liabilities denominated in foreign currencies which are carried at historical cost are translated by the exchange rates prevailing at the original transaction date. 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 recognized 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 recognized in other comprehensive income.

C. Translation of foreign operations

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

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

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

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

6) <u>Cash and cash equivalents</u>

A. In the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks, and other short-term highly liquid investments.

B. Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

7) <u>Financial assets and financial liabilities at fair value through profit or loss</u>

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.

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

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

D. 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.

8) Financial assets at fair value through other comprehensive income

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to 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. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.

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

(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.

9) Notes and accounts receivable, other receivables and margin loans receivable

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

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

10) Bonds sold under repurchase agreements and bonds purchased under 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 'bonds purchased under resale agreements' under current assets. When transactions of bonds with a condition of repurchase agreements occur, the actual payment or receipt shall be recognized in 'bonds sold under repurchase agreements' under current liabilities. Any difference between the actual payment/receipt and predetermined redemption (repurchase) price is recognized in interest income or interest expense.

11) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income, 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.

12) Derecognition of financial instruments

A. Derecognition of financial assets

The Group derecognizes a financial asset when one of the following conditions is met:

(A) The contractual rights to receive cash flows from the financial asset expire.

(B) The contractual rights to receive cash flows from 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.

B. Derecognition of financial liabilities

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

13) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount 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.

14) Investments accounted for under the equity method

A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more 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's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. 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 statutory/constructive obligations or made payments on behalf of the associate.

C. When changes in an associate's equity that are not recognized in profit or loss or other comprehensive income of the associate and such changes not affecting the Group's ownership percentage of the associate, the Group recognizes its share of change in equity of the associate in 'capital surplus' in proportion to its ownership.

D. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated 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.

E. When there are objective evidences of impairment, at balance sheet date, the Group considers the whole investment carrying amount as single asset, and compares its recoverable amount (value in use or fair value less costs of disposal) with the carrying amount, to test its impairment. Value in use is determined by the present value of the Group's share of the expected future cash flow from the associates. If the recoverable amount is less than its carrying amount, an impairment loss should be recognized. The loss will not be allocated to any of the components (including goodwill), which comprise the carrying amount of the investment. An impairment loss recognized in prior periods shall be reversed if circumstances of impairment no longer exist or have decreased.

15) Property and equipment

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

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

C. Land is not depreciated. Other property and equipment are subsequently measured using the cost model and depreciated using the straight-line method to allocate their cost over their estimated useful lives.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property and equipment are as follows:

	Useful lives
Buildings	5~50 years
Furniture and fixtures	4~10 years
Computer equipment	3~5 years
Electrical equipment	3~10 years
Leasehold improvements	5 years

E. 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.

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

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

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

The Group subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized 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 mainly the amount of the initial measurement of lease liability.

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 recognized as an adjustment to the right-of-use asset.

17) Investment property

A. Investment property of the Group is the property held either to earn long-term rental income or for capital appreciation or for both.

B. Part of the property may be held by the Group for self-use purpose and the remaining are used to generate rental income or capital appreciation. If the property held by the Group can be sold individually, then the accounting treatment should be made respectively. If each part of the property cannot be sold individually and the self-use proportion is not material, then the property is deemed as investment property in its entirety.

C. When the future economic benefit related to the investment property is highly likely to flow into the Group and the costs can be reliably measured, the investment property shall be recognized as assets. When the future economic benefit generated from subsequent costs is highly likely to flow into the entity and the costs can be reliably measured, the subsequent expenses of the assets shall be capitalized. All maintenance cost are recognized in profit or loss as incurred.

D. Investment property is subsequently measured using the cost model. Depreciated cost is used to calculate amortization expense after initial measurement. The depreciation method, remaining useful life and residual value should apply the same rules as applicable for property and equipment.

18) Intangible assets

A. The cost of computer software is amortized using the straight-line method over the useful lives based on acquisition cost, with an amortization period of 4 years.

B. Membership in a foreign futures exchange is stated at acquisition cost and has an indefinite useful life as it was assessed to generate continuous net cash inflow in the foreseeable future. It is not amortized, but is tested annually for impairment.

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.

19) Impairment of non-financial assets

A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is 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.

B. The recoverable amounts of goodwill, intangible assets with an indefinite useful life and intangible assets that have not yet been available for use are 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.

C. 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 expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

20) Financial liabilities at fair value through profit or loss

A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorized as financial liabilities held for trading unless they are designated as hedges.

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

21) Contingent liabilities

Contingent liability is a possible obligation that arises from past event, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Or it could be a present obligation as a result of past event but the payment is not probable or the amount cannot be measured reliably. The Group did not recognize any contingent liabilities but made appropriate disclosure in compliance with relevant regulations.

22) Employee benefits

A. Short-term employee benefits

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

B. 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 employee. The Group recognized expense as it can no longer withdraw an offer of termination benefit 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.

C. Pensions

(A) Defined contribution plans

Effective July 1, 2005, the Group established the defined contribution plan for employees of R.O.C. nationality. The employees have the option to participate in the New Plan. Under the New Plan, the Company contributes monthly an amount equivalent to 6% of employees' salaries to the employees' personal pension accounts with the "Bureau of Labor Insurance". Benefits accrued under the New Plan are portable upon termination of employment. Net defined benefit asset can only be recognized when there is a cash refund or elimination in the future accrued pension liabilities.

(B) Defined benefit plans

a. In a defined benefit plan, the pension paid is determined based on the amount that an employee shall receive upon retirement, which could vary with age, work seniority and salary compensations. The Group recognizes the accrued pension obligations in the consolidated balance sheet based on the net amount of actuarial present value of defined benefit obligation less the fair value of fund, which is adjusted with the net of past service cost recognized as liabilities. Defined benefit obligation is assessed annually using projected unit credit method by the actuary. The present value of the defined benefit obligation is determined using the market yield of government bonds of a currency and term consistent with the currency and term of the employment benefit obligations.

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

D. Employees' remuneration and directors' remuneration

Employees' and directors' 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. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

23) Revenues and expenses

The Group's revenues and expenses are recognized as incurred, which mainly include:

A. Gains (losses) on sale of securities, securities brokerage fees, and commissions on brokerage and trading are recognized on the transaction date.

B. Underwriting fees and related service charges: application fees are recognized upon collection; underwriting fees and service charges are recognized when the contract is completed.

C. Gains (losses) on futures contracts: The margin of futures transaction is recognized as cost. Costs and expenses are recognized as incurred.

D. Operating expenses: operating expenses refer to required expenses invested in the Group's operations, which primarily include employee benefit expense, depreciation and amortization, and other business and administrative expenses.

24) Income tax

A. Current income tax

Income tax payable (refundable) is calculated on the basis of the tax laws enacted in the countries where a company operates and generates taxable income. Except for the transactions or other matters directly recognized in other comprehensive income or equity, in which cases the related income taxes in the period are recognized in other comprehensive income or directly derecognized from equity, all the others should be recognized as income or expense for the period.

B. Deferred income tax

Deferred income tax assets and liabilities are measured based on the tax rate of the anticipated period that the future assets realization or the liabilities settlement requires, which is based on the effective or existing tax rate at the consolidated balance sheet date. The carrying amounts and temporary differences of assets and liabilities included in the consolidated balance sheet are calculated using the liability method and recognized as deferred income tax. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit (loss). Deferred income tax assets are recognized only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. If the future taxable income is probable to provide unused loss carryforwards or deferred income tax credit which can be realized in the future, the proportion of realization is deemed as deferred income tax asset.

C. 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 for income tax liabilities where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

D. 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.

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

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

25) Share capital

A. Incremental costs directly attributable to the issuance of new shares are shown as a deduction, net of tax, from equity. Dividends from common stocks are recognized as equity in the financial period in which they are approved by the Company's shareholders. If the date of dividends declared is later than the consolidated balance sheet date, common stocks are disclosed in the subsequent events.

B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

26) Earnings per share

A. Earnings per share is calculated by dividing net income by the weighted average number of shares outstanding during the year after taking into consideration the retroactive effect of stock dividends and capital reserve capitalized.

B. When the Group calculates earnings per share, basic earnings per share and diluted earnings per share for all potential ordinary shares shall all be disclosed in accordance with IAS 33 "Earnings per share".

27) Operating segments

The Group's operating segments are reported in a manner consistent with the internal reports provided to the Chief Operating Decision-Maker. The Group's performance of segment profit (loss) is assessed based on the profit (loss) before tax, but not segment income, assets and liabilities. The Chief Operating Decision-Maker is responsible for allocating resources and assessing performance of the operating segments.

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

1) As the consolidated financial statements of the Group may be affected by the adoption of accounting policy, accounting estimate and assumption, the Group's management shall properly exercise its professional judgement, estimates, and assumptions on the information of the key risks that is obtained from other resources and could affect the carrying amounts of financial assets and liabilities in the next fiscal year while adopting critical accounting policies as stated in Note 4. Estimates and assumptions of the Group are the best estimates made in compliance with IFRSs as endorsed by the FSC. Estimates and assumptions are made based on past experience and other factors deemed relevant; however, the actual results may differ from the estimates. The Group evaluates the estimates and assumptions on an ongoing basis and recognizes the adjustment of the estimates only in the period which is affected by the adjustment. If the adjustment simultaneously affects both the current and future periods, it should be recognized in both periods.
2) Relevant information on key assumptions to be made in the future, key sources of assumption uncertainty made at balance sheet date, and assumptions and estimates that may cause key risks that could affect the carrying amounts of financial assets and liabilities are as follows:

A. Fair value of financial instruments

Financial instruments with no active market or quoted price use valuation technique to determine the fair value. Under such condition, fair value is assessed through the observable information or models of similar financial instruments. If there is no observable input available in a market, the fair value of financial instrument is assessed through appropriate assumptions. When valuation models are adopted to determine the fair value, all the models should be calibrated to ensure that the output can actually reflect actual information and market price. Models should try to take only observable information as much as possible.

B. Expected credit losses

For financial assets, the measurement of expected credit losses uses complex models and multiple assumptions. These models and assumptions take into account future macro-economic conditions and credit behaviors of borrowers (e.g. probability of customer default and loss). Please refer to Note 12(2) for detailed information on parameters, assumptions, and estimation methods used in measuring expected credit losses and disclosure of the sensitivity of credit loss to the aforementioned factors.

The measurement of expected credit losses according to applicable accounting rules involves significant judgement in several areas, for example:

(A)The criteria used to judge whether there is significant increase in credit risk.

(B)The selection of appropriate models and assumptions for measuring expected credit losses.

For judgements and estimations of the above expected credit losses, please refer to Note 12(2).

C. Impairment assessment on investment accounted for under equity method

When there are impairment indicators that show the investments accounted for under equity method are impaired and the carrying amount can no longer be recovered, the Group will assess the impairment of the investment. The Group assesses its share of the recoverable amount which is based on the discounted value of expected cash flow, and assess the reasonableness of relevant assumptions, including revenue growth rate, operating profit margin, net profit margin, financial forecast, and discount rate.

D. Impairment assessment of goodwill

The periodic impairment assessment of goodwill includes allocation of assets, liabilities, and goodwill to brokerage segment, and determines the recoverable amount based on brokerage segment's present value of expected future cash flow. The periodic assessment also analyzes reasonableness of relevant assumptions, including expected future trading volumes, market share, segment's operating profit margin, and discount rates.

6. DETAILS OF SIGNIFICANT ACCOUNTS

1) Cash and cash equivalents

	March 31, 2020	December 31, 2019
Petty Cash	$ 1,691	$ 169
Checking deposits	1,141,108	1,111,097
Current deposits:		
Deposits denominated in NTD	892,846	287,249
Deposits denominated in foreign currencies	929,716	1,091,712
Time deposits	3,423,689	4,029,919
Total	$ 6,389,050	$ 6,520,146

	March 31, 2019
Petty Cash	$ 1,992
Checking deposits	692,802
Current deposits:	
Deposits denominated in NTD	279,752
Deposits denominated in foreign currencies	1,651,209
Time deposits	4,038,758
Total	$ 6,664,513

As of March 31, 2020, December 31, 2019 and March 31, 2019, the annual interest rates of time deposits, including foreign time deposits were 0.02% ~ 3.21%, 0.04%~3.21% and 0.04%~3.30%, respectively.

2) Financial assets at fair value through profit or loss

	March 31, 2020	December 31, 2019
Current items:		
Financial assets mandatorily measured at fair value through profit or loss:		
Open-ended funds, money market instruments and securities investment by brokers		
Open-ended mutual funds beneficiary certificates	$ 195,000	$ 266,298
Commerial bonds	3,008,126	-
Listed (TSE and OTC) stocks	-	4,887
Exchange-traded funds	74,185	82,660
Subtotal	3,277,311	353,845
Adjustment of open-ended funds ,money market instruments and securities investment by brokers	(2,622)	2,610
Total	3,274,689	356,455
Trading securities - dealer		
Listed (TSE and OTC) stocks	706,313	6,276,195
Government bonds	4,028,344	3,364,452
Corporate bonds	5,916,770	6,992,481
Convertible corporate bonds	39,682	146,703
Emerging stocks	58,809	65,207
Overseas stocks	8,111,369	15,829,161
Exchange-traded funds	2,454,874	3,091,765
Unlisted stocks	48,289	48,289
Subtotal	21,364,450	35,814,253
Adjustment of trading securities - dealer	(170,662)	441,238
Total	21,193,788	36,255,491
Trading securities - underwriter		
Listed (TSE and OTC) stocks	459,400	807,209
Convertible corporate bonds	103,356	238,046
Subtotal	562,756	1,045,255
Adjustment of trading securities - underwriter	1,539	101,417
Total	564,295	1,146,672
Trading securities - hedging		
Listed (TSE and OTC) stocks	382,755	3,142,111
Convertible corporate bonds	3,186	7,647
Warrants	150,979	47,966
Overseas stocks	12,867	64,648
Exchange traded funds	60,383	165,249
Subtotal	610,170	3,427,621
Adjustment of trading securities - hedging	9,979	83,999
Total	620,149	3,511,620

	March 31, 2020	December 31, 2019
Options bought - futures	213,146	17,136
Futures guarantee deposits receivable	3,556,561	3,224,122
Derivative financial instrument assets - OTC	8,635	969
Total	$ 29,431,263	$ 44,512,465
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss:		
Trading securities - dealer - government bonds	$ 49,927	$ 49,921
Unlisted stocks	2,609	2,609
Subtotal	52,536	52,530
Adjustment of trading securities	17,666	18,766
Total	$ 70,202	$ 71,296

	March 31, 2019
Open-ended funds, money market instruments and securities investment by brokers	
Open-ended mutual funds beneficiary certificates	$ 112,338
Overseas stocks and funds	124,222
Listed (TSE and OTC) stocks	17,408
Exchange-traded funds	94,041
Subtotal	348,009
Adjustment of open-ended funds, money market instruments and securities investment by brokers	5,398
Total	353,407
Trading securities - dealer	
Listed (TSE and OTC) stocks	3,353,118
Government bonds	5,756,367
Corporate bonds	1,989,550
Convertible corporate bonds	100,500
Emerging stocks	99,428
Overseas stocks	19,286,083
Exchange-traded funds	2,838,788
Unlisted stocks	20,264
Subtotal	33,444,098
Adjustment of trading securities - dealer	398,254
Total	33,842,352
Trading securities - underwriter	
Listed (TSE and OTC) stocks	832,101
Convertible corporate bonds	2,220
Unlisted stocks	326,994
Subtotal	1,161,315
Adjustment of trading securities - underwriter	152,372
Total	1,313,687

		March 31, 2019
Trading securities - hedging		
Listed (TSE and OTC) stocks	$	798,870
Convertible corporate bonds		2,270
Warrants		27,938
Overseas stocks		34,519
Exchange traded funds		143,384
Subtotal		1,006,981
Adjustment of trading securities - hedging		13,435
Total		1,020,416
Options bought - futures		21,309
Futures guarantee deposits receivable		2,741,224
Derivative financial instrument assets - OTC		5,460
Total	$	39,297,855
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss:		
Trading securities - dealer - government bonds	$	49,902
Unlisted stocks		2,609
Subtotal		52,511
Adjustment of trading securities		16,513
Total	$	69,024

a. For the three months ended March 2020 and 2019, net realised and unrealised gains on financial assets and liabilities at fair value through profit or loss amounted to ($814,337) and $1,281,310, respectively.

b. Details of the Group’s financial assets at fair value through profit or loss pledged to others as collateral are provided in Note 8.

c. Information relating to credit risk is provided in Note 12(2).

(Blank below)

3) Financial assets at fair value through other comprehensive income

	March 31, 2020	December 31, 2019
Current items:		
Debt instruments		
Trading securities - dealer		
Overseas bonds	$ 1,138,788	$ -
Adjustment of trading securities - dealer	(46,616)	-
Total	$ 1,092,172	$ -
Non-current items:		
Equity instruments		
Unlisted stocks	$ 37,565	$ 37,565
Adjustment of trading securities	569,631	554,031
Total	$ 607,196	$ 591,596

	March 31, 2019
Current items:	
Trading securities - dealer	
Overseas bonds	$ 291,179
Adjustment of trading securities - dealer	8,907
Total	$ 300,086
Non-current items:	
Listed (TSE and OTC) stocks	$ 37,565
Adjustment of trading securities	637,759
Total	$ 675,324

a. The Group has elected to classify unlisted stocks that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounts to $1,699,368, $591,596 and $975,410 as at March 31, 2020, December 31, 2019 and March 31, 2019, respectively.

b. 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:

Equity instruments at fair value through other comprehensive income	Three months ended March 31, 2020	Three months ended March 31, 2019
Fair value change recognised in other comprehensive income - parent company	($ 31,347)	$ 68,632
Fair value change recognised in other comprehensive income - non-controlling interest	331	2,113
Total	($ 31,016)	$ 70,745
Dividend income recognised in profit or loss		
Held at end of period	$ 1,365	$ -

Debt instruments at fair value through other comprehensive income	Three months ended March 31, 2020	Three months ended March 31, 2019
Fair value change recognised in other comprehensive income	$ -	$ 3,402
Interest income recognised in profit or loss	$ -	$ 226

c. Details of the Group's financial assets at fair value through other comprehensive income pledged to others as collateral are provided in Note 8.

d. Information relating to credit risk is provided in Note 12(2).

4) Bonds purchased under resale agreements

	March 31, 2020	December 31, 2019
Overseas bonds	$ -	$ -

	March 31, 2019
Overseas bonds	$ 95,970

The above bonds purchased under resale agreements as of March 31, 2020, December 31, 2019 and March 31, 2019 were due within one year and were contracted to be resold at the agreed-upon price plus interest charge on the specific date after transaction. The total resale amounts were $0, $0 and $ 96,533, respectively. The annual interest rates of every currency were as follows:

	March 31, 2020	December 31, 2019	March 31, 2019
Foreign currencies (Note)	-	-	2.35%

(Note)：Foreign currencies include USD and EUR.

5) Margin loans receivable

Margin loans receivable were secured by the securities purchased by customers under margin loans. The annual interest rate was 6.4%.

6) Customer margin account

	March 31, 2020	December 31, 2019
Bank deposit	$ 12,874,874	$ 10,020,199
Futures clearing house	2,606,282	1,346,810
Other futures commission merchant	3,195,943	2,368,427
Securities	193	276
Total	$ 18,677,292	$ 13,735,712

	March 31, 2019
Bank deposit	$ 8,107,975
Futures clearing house	1,402,741
Other futures commission merchant	1,444,858
Securities	424
Total	$ 10,955,998

The difference between the customer margin deposits accounts and futures traders’ equity as of March 31, 2020, December 31, 2019 and March 31, 2019 were outlined below:

	March 31, 2020	December 31, 2019
Customer margin deposits accounts	$ 18,677,292	$ 13,735,712
Futures trading margins receivable	90	32
Add: Early customer margin deposits	15,304	7,078
Less: Service fee income pending for transfer	(31,900)	(16,998)
Futures exchange tax pending for transfer	(1,147)	(696)
Net interest income pending for transfer	(5,658)	(3,078)
Temporary receipts	(18,203)	(8,383)
Futures traders' equity	$ 18,635,778	$ 13,713,667

	March 31, 2019
Customer margin deposits accounts	$ 10,955,998
Add: Early customer margin deposits	7,665
Net interest expense pending for transfer	3
Less: Service fee income pending for transfer	(16,693)
Futures exchange tax pending for transfer	(812)
Net interest income pending for transfer	(3,452)
Temporary receipts	(9,109)
Futures traders' equity	$ 10,933,600

7) Accounts receivable

	March 31, 2020	December 31, 2019
Accounts receivable - non related parties		
Settlement price receivable-brokers	$ 8,088,163	$ 9,135,975
Settlement price receivable-dealer	487,999	857,731
Accounts receivable-international bonds	802,573	-
Accounts receivable-foreign bonds	1,360,333	601,111
Spot exchange receivable, foreign currencies	3,329	435,180
Interest receivable	207,451	301,206
Settlement price	492,075	777,031
Others	119,679	77,010
Subtotal	11,561,602	12,185,244
Less: Allowance for uncollectable accounts	(478)	(656)
Total	$ 11,561,124	$ 12,184,588

	March 31, 2019
Accounts receivable - non related parties	
Settlement price receivable-brokers	$ 6,866,196
Settlement price receivable-dealer	243,384
Accounts receivable-foreign bonds	7,243,888
Spot exchange receivable, foreign currencies	228,350
Interest receivable	336,357
Settlement price	929,825
Others	115,802
Subtotal	15,963,802
Less: Allowance for uncollectable accounts	(3,385)
Total	$ 15,960,417

A. The ageing analysis of accounts receivable that were past due but not impaired is as follows:

	March 31, 2020					
	Up to 30 days	31 to 90 days	91 to 180 days	181 days to 12 months	More than 12 months	Total
Accounts receivable						
Accounts receivable - non related parties	$ 11,374,397	$ 46,515	$ 47,283	$ 65,706	$ 27,701	$ 11,561,602

	December 31, 2019					
	Up to 30 days	31 to 90 days	91 to 180 days	181 days to 12 months	More than 12 months	Total
Accounts receivable						
Accounts receivable - non related parties	$ 11,891,632	$ 69,156	$ 102,519	$ 75,034	$ 46,903	$ 12,185,244

	March 31, 2019					
	Up to 30 days	31 to 90 days	91 to 180 days	181 days to 12 months	More than 12 months	Total
Accounts receivable						
Accounts receivable - non related parties	$ 15,658,642	$ 47,711	$ 65,255	$ 121,155	$ 71,039	$ 15,963,802

The above ageing analysis was based on invoice date.

B. Information relating to credit risk is provided in Note 12(2).

8) Other receivables

	March 31, 2020	December 31, 2019
Interest receivable	$ 9,841	$ 13,812
Others	36,746	91,790
Subtotal	46,587	105,602
Less: Allowance for uncollectible accounts	(54)	(54)
Total	$ 46,533	$ 105,548

	March 31, 2019
Other receivables-FX Swap	
Dividends receivable	
Interest receivable	$ 13,325
Others	64,795
Subtotal	78,120
Less: Allowance for uncollectible accounts	(11,259)
Total	$ 66,861

Information relating to credit risk is provided in Note 12(2).

9) Other current assets

	March 31, 2020	December 31, 2019
Pending settlements	$ 925,541	$ 950,487
Pledged time deposits	532,922	531,251
Deposits-in for foreign currency securities	3,748	-
Underwriting share proceeds collected on behalf of customers	2,676	18
Temporary payments	6,594	138,591
Others	5,102	1,350
Total	$ 1,476,583	$ 1,621,697

	March 31, 2019
Pending settlements	$ 922,628
Pledged time deposits	635,599
Underwriting share proceeds collected on behalf of customers	130,444
Temporary payments	151,210
Others	839
Total	$ 1,840,720

10) Transfer of financial assets

A. During the Group's activities, the transferred financial assets that do not meet derecognition conditions are mainly debt instruments with purchase agreements or debt instruments lent out in accordance with securities borrowing and lending agreement. The cash flow of the contract has been transferred and related liabilities of transferred financial assets that will be repurchased at a fixed price in the future have been reflected. The Group may not use, sell or pledge the transferred financial assets during the valid period of the transaction. The financial assets were not derecognized as the Group is still exposed to interest rate risk and credit risk.

B. Financial assets that do not meet the derecognition conditions and related financial liabilities are analysed below:

March 31, 2020		
Financial assets category	Carrying amount of transferred financial assets	Carrying amount of related financial liabilities
Financial assets measured at fair value through profit or loss		
Repurchase agreement	$ 14,473,409	$ 13,908,293

December 31, 2019		
Financial assets category	Carrying amount of transferred financial assets	Carrying amount of related financial liabilities
Financial assets measured at fair value through profit or loss		
Repurchase agreement	$ 21,964,175	$ 20,956,256

March 31, 2019		
Financial assets category	Carrying amount of transferred financial assets	Carrying amount of related financial liabilities
Financial assets measured at fair value through profit or loss		
Repurchase agreement	$ 2,187,259	$ 21,016,439
Financial assets measured at fair value through other comprehensive income		
Repurchase agreement	300,086	285,795

11) Offsetting financial assets and financial liabilities

A. The Group has transactions that are or are similar to net settled master netting arrangements but do not meet the offsetting criteria, i.e. derivative financial instruments, resale and repurchase agreements. If one party breaches the contract, the counterparty can choose to use net settlement for the above transactions.

B. The offsetting of financial assets and financial liabilities are set as follows:

(1) Financial assets

March 31, 2020

Description	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the balance sheet	Net amounts of financial assets presented in the balance sheet	Not set off in the balance sheet: Financial instruments	Not set off in the balance sheet: Cash collateral received	Net amount
Derivative financial instruments	$ 8,579	$ -	$ 8,579	$ 8,579	$ -	$ -

December 31, 2019

Description	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the balance sheet	Net amounts of financial assets presented in the balance sheet	Not set off in the balance sheet: Financial instruments	Not set off in the balance sheet: Cash collateral received	Net amount
Derivative financial instruments	$ 938	$ -	$ 938	$ 938	$ -	$ -

March 31, 2019

Description	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the balance sheet	Net amounts of financial assets presented in the balance sheet	Not set off in the balance sheet: Financial instruments	Not set off in the balance sheet: Cash collateral received	Net amount
Derivative financial instruments	$ 5,460	$ -	$ 5,460	$ 4,780	$ -	$ 680
Bonds purchased under resale agreements	95,970	-	95,970	95,162	-	808
Total	$ 101,430	$ -	$ 101,430	$ 99,942	$ -	$ 1,488

(2) Financial liabilities

March 31, 2020

Description	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off in the balance sheet	Net amounts of financial liabilities presented in the balance sheet	Not set off in the balance sheet: Financial instruments	Not set off in the balance sheet: Cash collateral received	Net amount
Derivative financial instruments	$ 13,688	$ -	$ 13,688	$ 8,579	$ -	$ 5,109
Bonds sold and repurchase agreements	5,765,273	-	5,765,273	5,765,273	-	-
Total	$ 5,778,961	$ -	$ 5,778,961	$ 5,773,852	$ -	$ 5,109

December 31, 2019

Description	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off in the balance sheet	Net amounts of financial liabilities presented in the balance sheet	Not set off in the balance sheet: Financial instruments	Not set off in the balance sheet: Cash collateral received	Net amount
Derivative financial instruments	$ 8,371	$ -	$ 8,371	$ 938	$ -	$ 7,433
Bonds sold and repurchase agreements	11,622,022	-	11,622,022	11,622,022	-	-
Total	$ 11,630,393	$ -	$ 11,630,393	$ 11,622,960	$ -	$ 7,433

March 31, 2019

Description	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off in the balance sheet	Net amounts of financial liabilities presented in the balance sheet	Not set off in the balance sheet: Financial instruments	Not set off in the balance sheet: Cash collateral received	Net amount
Derivative financial instruments	$ 4,780	$ -	$ 4,780	$ 4,780	$ -	$ -
Bonds sold and repurchase agreements	14,517,001	-	14,517,001	14,517,001	-	-
Total	$ 14,521,781	$ -	$ 14,521,781	$ 14,521,781	$ -	$ -

12) Investments accounted for under the equity method

	March 31, 2020	December 31, 2019
Uni-President Asset Management Corp.	$ 607,124	$ 578,853

	March 31, 2019
Uni-President Asset Management Corp.	$ 604,252

A. The Group's share of its associates' profits or losses recognised in long-term equity investment accounted for under the equity method for the three months ended March 31, 2020 and 2019 were $27,297 and $28,327, respectively.

B. The financial information of the Group's principal associates is summarized as follows:

(a)The basic information of the joint ventures that are material to the Group is as follows:

Company name	Princial place of businesss	Shareholding ratio			Nature of relationship	Methods of measurement
		March 31, 2020	December 31, 2019	March 31, 2019		
Uni-President Asset Management Corp.	Taipei city	42.49%	42.49%	42.49%	Associate	Equity method

(b)The summarized financial information of the joint ventures that are material to the Group is as follows:

Balance sheet

	Uni-President Asset Management Corp.		
	March 31, 2020	December 31, 2019	March 31, 2019
Current assets	$ 572,886	$ 543,681	$ 551,861
Non-current assets	627,487	627,350	644,005
Current liabilities	(133,608)	(176,271)	(146,369)
Non-current liabilities	(60,583)	(55,102)	(50,072)
Total net assets	$ 1,006,182	$ 939,658	$ 999,425
Share in joint venture's net assets	$ 427,602	$ 399,331	$ 424,731
Goodwill and others	179,522	179,522	179,521
Carrying amount of the joint venture	$ 607,124	$ 578,853	$ 604,252

Statement of comprehensive income

	Uni-President Asset Management Corp.	
	Three months ended March 31, 2020	Three months ended March 31, 2019
Revenue	$ 209,381	$ 202,828
Profit for the period from continuing operations	$ 64,231	$ 66,224
Other comprehensive income - net of tax	2,293	14,663
Total comprehensive income	$ 66,524	$ 80,887

Note: The above financial statements were not reviewed by independent accountants.

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13) Property and equipment

2020					
January 1	Land	Buildings	Equipment	Leasehold improvements	Total
Cost	$ 1,680,129	$ 1,060,323	$ 259,114	$ 48,000	$ 3,047,566
Accumulated depreciation and impairment	-	(428,805)	(143,409)	(31,388)	(603,602)
Total	$ 1,680,129	$ 631,518	$ 115,705	$ 16,612	$ 2,443,964
January 1	$ 1,680,129	$ 631,518	$ 115,705	$ 16,612	$ 2,443,964
Additions	-	244	7,361	-	7,605
Disposal	-	-	(78)	-	(78)
Reclassifications	-	14,349	4,658	-	19,007
Depreciation	-	(7,187)	(10,855)	(1,600)	(19,642)
March 31	$ 1,680,129	$ 638,924	$ 116,791	$ 15,012	$ 2,450,856

March 31	Land	Buildings	Equipment	Leasehold improvements	Total
Cost	$ 1,680,129	$ 1,073,715	$ 270,277	$ 47,586	$ 3,071,707
Accumulated depreciation and impairment	-	(434,791)	(153,486)	(32,574)	(620,851)
Total	$ 1,680,129	$ 638,924	$ 116,791	$ 15,012	$ 2,450,856

2019					
January 1	Land	Buildings	Equipment	Leasehold improvements	Total
Cost	$ 1,680,129	$ 1,053,129	$ 234,426	$ 57,963	$ 3,025,647
Accumulated depreciation and impairment	-	(410,315)	(132,048)	(40,914)	(583,277)
Total	$ 1,680,129	$ 642,814	$ 102,378	$ 17,049	$ 2,442,370
January 1	$ 1,680,129	$ 642,814	$ 102,378	$ 17,049	$ 2,442,370
Additions	-	425	7,264	-	7,689
Reclassifications	-	-	1,821	-	1,821
Depreciation	-	(6,083)	(9,828)	(2,023)	(17,934)
March 31	$ 1,680,129	$ 637,156	$ 101,635	$ 15,026	$ 2,433,946

March 31	Land	Buildings	Equipment	Leasehold improvements	Total
Cost	$ 1,680,129	$ 1,052,266	$ 234,815	$ 55,559	$ 3,022,769
Accumulated depreciation and impairment	-	(415,110)	(133,180)	(40,533)	(588,823)
Total	$ 1,680,129	$ 637,156	$ 101,635	$ 15,026	$ 2,433,946

A. No interest was capitalized for property and equipment for the three months ended March 31, 2020 and 2019.

B. The information on property and equipment pledged or restricted as of March 31, 2020, December 31, 2019 and March 31, 2019 is described in Note 8.

14) Leasing arrangements－lessee

A. The Group leases various assets including buildings, machinery and equipment, business vehicles and multifunction printers. Rental contracts are typically made for periods of 1 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

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

	March 31, 2020	December 31, 2019	March 31, 2019
	Carrying Amount	Carrying Amount	Carrying Amount
Buildings	$ 200,041	$ 202,057	$ 240,289
Transportation equipment (Business vehicles)	16,583	18,384	14,723
Office equipment (Photocopiers)	1,146	1,228	1,906
Total	$ 217,770	$ 221,669	$ 256,918

	Three months ended March 31, 2020	Three months ended March 31, 2019
	Depreciation charge	Depreciation charge
Buildings	$ 22,371	$ 24,323
Transportation equipment (Business vehicles)	1,800	1,903
Office equipment (Photocopiers)	200	735
Total	$ 24,371	$ 26,961

C. For the three months ended March 31, 2020 and 2019, the additions to right-of-use assets were $19,882 and $69,241, respectively.

D. The information on income and expense accounts relating to lease contracts is as follows:

	Three months ended March 31, 2020	Three months ended March 31, 2019
Items affecting profit or loss		
Interest expense on lease liabilities	$ 612	$ 368
Expense on short-term lease contracts	376	941
Expense on variable lease payment	72	60

E. For the three months ended March 31, 2020 and 2019, the Group's total cash outflow for leases were $26,594 and $29,717, respectively.

15) Leasing arrangements – lessor

A. The Group leases various assets including office and parking space. Rental contracts are typically made for periods of 1 and 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

B. For the three months ended March 31, 2020 and 2019, the Group recognized rent income in the amount of $4,719 and $4,645, respectively,, 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:

	March 31, 2020	December 31, 2019	March 31, 2019
2019	$ -	$ -	$ 13,765
2020	13,837	19,003	17,692
2021	17,620	17,620	17,008
2022	17,284	17,284	16,780
2023	17,284	17,284	16,780
2024	4,195	4,195	4,195
Total	$ 70,220	$ 75,386	$ 86,220

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16) Investment property

	2020		
January 1	Land	Buildings	Total
Cost	$ 198,099	$ 107,076	$ 305,175
Accumulated depreciation and impairment	-	(32,572)	(32,572)
Total	$ 198,099	$ 74,504	$ 272,603
January 1	$ 198,099	$ 74,504	$ 272,603
Depreciation	-	(525)	(525)
March 31	$ 198,099	$ 73,979	$ 272,078
March 31	Land	Buildings	Total
Cost	$ 198,099	$ 107,076	$ 305,175
Accumulated depreciation and impairment	-	(33,097)	(33,097)
Total	$ 198,099	$ 73,979	$ 272,078

	2019		
January 1	Land	Buildings	Total
Cost	$ 198,099	$ 107,076	$ 305,175
Accumulated depreciation and impairment	-	(30,472)	(30,472)
Total	$ 198,099	$ 76,604	$ 274,703
January 1	$ 198,099	$ 76,604	$ 274,703
Depreciation	-	(525)	(525)
March 31	$ 198,099	$ 76,079	$ 274,178
March 31	Land	Buildings	Total
Cost	$ 198,099	$ 107,076	$ 305,175
Accumulated depreciation and impairment	-	(30,997)	(30,997)
Total	$ 198,099	$ 76,079	$ 274,178

A. For the three months ended March 31, 2020 and 2019, rental income from the lease of the investment property were both $4,413 and direct operating expenses arising from the investment property were $966 and $906.

B. Details of fair value of investment property are provided in Note 12(5).

17) Intangible assets

	2020			
January 1	Computer software	Goodwill	Customer relationships and others	Total
Cost	$ 153,387	$ 42,004	$ 89,929	$ 285,320
Accumulated depreciation and impairment	(101,997)	-	(54,163)	(156,160)
Total	$ 51,390	$ 42,004	$ 35,766	$ 129,160
January 1	$ 51,390	$ 42,004	$ 35,766	$ 129,160
Additions	2,522	-	-	2,522
Disposal	(31)	-	-	(31)
Reclassifications	3,293	-	-	3,293
Depreciation	(6,182)	-	(5)	(6,187)
March 31	$ 50,992	$ 42,004	$ 35,761	$ 128,757

March 31	Computer software	Goodwill	Customer relationships and others	Total
Cost	$ 158,937	$ 42,004	$ 89,929	$ 290,870
Accumulated depreciation and impairment	(107,945)	-	(54,168)	(162,113)
Total	$ 50,992	$ 42,004	$ 35,761	$ 128,757

	2019			
January 1	Computer sofware	Goodwill	Customer relationships and others	Total
Cost	$ 138,619	$ 42,004	$ 89,829	$ 270,452
Accumulated depreciation and impairment	(92,082)	-	(54,160)	(146,242)
Total	$ 46,537	$ 42,004	$ 35,669	$ 124,210
January 1	$ 46,537	$ 42,004	$ 35,669	$ 124,210
Additions	660	-	-	660
Reclassifications	750	-	-	750
Depreciation	(5,407)	-	-	(5,407)
March 31	$ 42,540	$ 42,004	$ 35,669	$ 120,213

March 31	Computer software	Goodwill	Customer relationships and others	Total
Cost	$ 137,971	$ 42,004	$ 35,669	$ 215,644
Accumulated depreciation and impairment	(95,431)	-	-	(95,431)
Total	$ 42,540	$ 42,004	$ 35,669	$ 120,213

A. No interest was capitalized for intangible assets for the three months ended March 31, 2020 and 2019.

B. Goodwill and customer relationships were acquired through acceptance of transfer of the securities brokerage business of Standard Chartered (Taiwan) Bank's retail banking business, and were all allocated to the Group’s brokerage segment.

C. The recoverable amount of goodwill was periodically determined based on its value in use. Calculations of value in use after-tax cash flow projections are based on financial budgets approved by the management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below.

The recoverable amount calculated based on the value in use exceeded the carrying amount, thus the goodwill was not impaired. The key assumptions used for calculation of value in use are as follows:

	Brokerage Segment
	2019
Growth rate	0.00%
Discount rate	11.16%

Management determined the growth rate based on past performance and its expectations of market development. The discount rates were based on the weighted average financing cost rates determined by the Company's capital asset pricing model. The discount rates also reflect specific risks related to relevant operating segments.

18) Other noncurrent assets

	March 31, 2020	December 31, 2019
Operation guaranteed deposits	$ 640,000	$ 660,000
Clearing and settlement fund	343,421	343,866
Refundable deposits	324,761	173,210
Deferred expenses	16,486	16,373
Prepaid pension expenses	8,096	904
Prepayment for equipment	32,894	32,947
Overdue receivables	248,299	240,073
Others	720	720
Subtotal	1,614,677	1,468,093
Less: Allowance for uncollectible accounts	(248,299)	(240,073)
Total	$ 1,366,378	$ 1,228,020

	March 31, 2019
Operation guaranteed deposits	$ 680,000
Clearing and settlement fund	351,018
Refundable deposits	165,224
Deferred expenses	16,174
Prepaid pension expenses	8,773
Prepayment for equipment	14,456
Overdue receivables	212,887
Others	720
Subtotal	1,449,252
Less: Allowance for uncollectible accounts	(212,887)
Total	$ 1,236,365

19) Short-term loans

	March 31, 2020	December 31, 2019
Unsecured loans	$ 3,158,263	$ 2,964,959
Interest rates	1.250%~2.700%	0.880%~3.000%

	March 31, 2019
Secured loans	$ 830,000
Unsecured loans	4,679,456
Total	$ 5,509,456
Interest rates	0.750%~3.087%

20) Commercial papers payable

	March 31, 2020	December 31, 2019
Face value	$ 2,100,000	$ 9,600,000
Less: discount on commercial papers payable	(306)	(3,296)
Total	$ 2,099,694	$ 9,596,704
Interest rates	0.470%~0.600%	0.530%~0.695%

	March 31, 2019
Face value	$ 700,000
Less: discount on commercial papers payable	(16)
Total	$ 699,984
Interest rates	0.560%

21) Financial liabilities at fair value through profit or loss - current

	March 31, 2020	December 31, 2019
Liabilities on sale of borrowed securities - hedged	$ 191,192	$ 192,174
Valuation adjustment on liabilities on sale of borrowed securities - hedged	(38,737)	8,617
Liabilities on sale of borrowed securities - non-hedged	572,078	208,143
Valuation adjustment on liabilities on sale of borrowed securities - non-hedged	(133,947)	(17,707)
Subtotal	590,586	391,227
Issuance of call (put) warrants	9,661,424	6,639,919
Gain on price fluctuation	(997,854)	(945,819)
Market value (A)	8,663,570	5,694,100
Warrants redeemed	(8,177,693)	(5,473,503)
Loss on price fluctuation	(264,383)	163,564
Market value (B)	(8,442,076)	(5,309,939)
Warrants - net (A+B)	221,494	384,161
Options sold - TAIFEX	78,722	17,753
Outstanding Liability for Issuance of ETNs	11,056	19,222
Valuation adjustment on outstanding Liability for Issuance of ETNs	(615)	549
Subtotal	10,441	19,771
Derivative financial liabilities - OTC	32,039	35,716
Total	$ 933,282	$ 848,628

	March 31, 2019
Investments in bonds under resale agreements - short sales	$ 90,854
Valuation adjustment of financial assets held for trading	4,616
Subtotal	95,470
Liabilities on sale of borrowed securities - hedged	11,521
Valuation adjustment on liabilities on sale of borrowed securities - hedged	(1,106)
Liabilities on sale of borrowed securities - non-hedged	90,844
Valuation adjustment on liabilities on sale of borrowed securities - non-hedged	166
Subtotal	101,425
Issuance of call (put) warrants	14,009,004
Gain on price fluctuation	(4,492,227)
Market value (A)	9,516,777
Warrants redeemed	(11,412,139)
Loss on price fluctuation	2,186,989
Market value (B)	(9,225,150)
Warrants - net (A+B)	291,627
Options sold - TAIFEX	50,974
Derivative financial liabilities - OTC	26,098
Total	$ 565,594

Among the warrants issued by the Group, except for contract-based warrants which are European-style warrants, all other warrants are American-style warrants. Warrants are stated as liabilities for issuance of warrants at issuance price prior to expiration. Upon repurchase of warrants after issuance, the repurchased amounts are recognized as warrants repurchase and charged as a deduction to liabilities for issuance of warrants. The warrants have six to twelve months exercise period from the date of issuance. The issuer has the option to settle either by cash or stock delivery.

22) Bonds sold under repurchase agreements

	March 31, 2020	December 31, 2019
Government bonds	$ 3,753,685	$ 3,445,144
Corporate bonds	901,751	1,601,547
Bank debentures	200,332	400,889
International bonds	3,287,252	3,886,654
Foreign bonds	5,765,273	11,622,022
Total	$ 13,908,293	$ 20,956,256

	March 31, 2019
Government bonds	$ 5,688,420
Corporate bonds	799,450
International bonds	637,494
Foreign bonds	14,517,001
Total	$ 21,642,365

The above bonds sold under repurchase agreements as of March 31, 2020, December 31, 2019 and March 31, 2019 and were due within one year and were contracted to be repurchased at the agreed-upon price plus interest charge on the specific date after the transaction. The total repurchase amounts were $13,952,383, $21,035,116 and $21,734,342, respectively, and the annual interest rates in every currency were shown as follows:

Currency	March 31, 2020	December 31, 2019	March 31, 2019
NTD	0.35%~0.56%	0.47%~0.62%	0.38%~0.56%
Foreign currencies (Note)	-0.30%~3.20%	-0.50%~3.40%	-0.26%~3.9253%

(Note)：Foreign currencies include AUD, EUR, USD, RMB, GBP and SGD.

23) Accounts payable

	March 31, 2020	December 31, 2019
Settlement accounts payable - brokered trading	$ 8,626,390	$ 9,370,880
Settlement proceeds	710,626	1,223,127
Settlement accounts payable - operating	425,877	616,917
Accounts payable - foreign bonds	740,811	709,611
Accounts payable - international bonds	856,589	223
Spot exchange payable, foreign currencies	3,324	434,980
Others	118,166	100,864
Total	$ 11,481,783	$ 12,456,602

	March 31, 2019
Settlement accounts payable - brokered trading	$ 8,140,108
Settlement proceeds	434,131
Settlement accounts payable - operating	625,839
Accounts payable - foreign bonds	6,714,675
Accounts payable - international bonds	110
Spot exchange payable, foreign currencies	228,294
Others	132,780
Total	$ 16,275,937

24) Other payables

	March 31, 2020	December 31, 2019
Salary and bonus payable	$ 514,762	$ 788,324
Employees' and directors' remuneration payable	118,234	113,140
Others	396,942	446,217
Total	$ 1,029,938	$ 1,347,681

	March 31, 2019
Salary and bonus payable	$ 454,353
Employees' and directors' remuneration payable	111,423
Others	332,379
Total	$ 898,155

25) Other financial liabilities - current

	March 31, 2020	December 31, 2019
Equity-linked notes (ELN) - Options	$ 10,000	$ 4,000
Principal guaranteed notes (PGN) - fixed income	2,188,460	2,739,866
Total	$ 2,198,460	$ 2,743,866

	March 31, 2019
Principal guaranteed notes (PGN) - fixed income	$ 3,240,610

The Group deals in equity-linked products and combines fixed income instruments with call or put options. These products are categorized into ELN (Equity-Linked Notes) and PGN (Principal Guaranteed Notes). On trade date, the contracted amounts are collected in full from the counterparties. The payout amount on maturity will depend on the price fluctuation of the instruments linked to these contracts and be calculated as trading price less option strike price on maturity. All the linked products are financial instruments under the supervision of the SFB (Securities and Futures Bureau).

26) Other liabilities-non-current

	March 31, 2020	December 31, 2019
Guarantee deposits received	$ 8,260	$ 8,396
Net defined benefit obligation	5,342	7,118
Total	$ 13,602	$ 15,514

	March 31, 2019
Guarantee deposits received	$ 10,746
Net defined benefit obligation	5,468
Total	$ 16,214

27) Pension plan

A. Defined benefit plans

(A) The Group has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. 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. 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. The Group contributes monthly an amount which ranges between 2.0% and 7.2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the supervisory committee of workers' retirement reserve fund, and with Cathay United Bank, under the name of the management committee of employees' retirement fund. Also, the Group would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method, to the employees expected to be qualified for retirement next year, the Group will make contributions to cover the deficit by next March.

(B) Under the defined benefit pension plan, the Group recognized the pension costs for the three months ended March 31, 2020 and 2019 in the statement of comprehensive income in the amount of $1,182 and $1,279, respectively.

(C) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2021 amounts to $40,003.

B. Defined contribution plans:

Effective from July 1, 2005, the Group established a defined contribution plan pursuant to the "Labor Pension Act", which covers employees with R.O.C. nationality and those who chose or are required to apply the "Labor Pension Act". The contributions are made monthly based on not less than 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The payment of pension benefits is based on the employees' individual pension fund accounts and the cumulative profit in such accounts. The employees can choose to receive such pension benefits monthly or in lump sum. The pension costs under defined contribution pension plans of the Group for the three months ended March 31, 2020 and 2019 were $16,802 and $16,080, respectively.

C. President Securities (HK), President Wealth Management (HK), and President Securities (Nominee) have defined benefit pension plans in accordance with local laws, and recognized the current pension expenses by contributing to the accrued pension assets. President Securities (HK) recognized pension expenses of $457 and $463, respectively, for the three months ended March 31, 2020 and 2019.

28) Equity

A. Common stock

(A) As of March 31, 2020, the Company's authorized capital was $15,000,000 with a par value of $10 (in dollars) per share. As of March 31, 2020, December 31, 2019 and March 31, 2019, the common stocks issued and the outstanding common stocks were all 1,372,390 thousand shares, respectively.

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

(Expressed in thousands)

	Three months ended March 31, 2020	Three months ended March 31, 2019
January 1	1,372,390	1,390,428
Acquisition of treasury stocks	-	(18,038)
March 31	1,372,390	1,372,390

(B) Treasury shares

In order to maintain the Company's credit and stockholders' rights and interests, the Company bought back outstanding shares. The movement of the number of treasury shares is as follows:

(Expressed in thousands)

	Three months ended March 31, 2019				
Reason for buyback	Shares at the beginning of the period	Period increase	Period decrease	Shares at the end of the period	Period-end amount
To maintain the Company's credit and stockholders' rights and interests	-	18,038	-	18,038	$ 231,822

In accordance with Article 28-2 of the Securities and Exchange Act, whenever the buyback is required to maintain the company's credit and shareholders' rights and interests, the shares so purchased shall be cancelled and the amendment registration shall be effected within six months from the date of buyback. In May, 2019, the Board of Directors resolved to retire the treasury shares and completed the registration of changes in capital.

B. Capital reserve

	Share premium	Treasury share transactions	Expired stock options	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Total
March 31, 2020	$ 24,663	$ 65,675	$ 483	$ 440	$ 91,261
December 31, 2019	$ 24,663	$ 65,675	$ 483	$ 440	$ 91,261
March 31, 2019	$ 24,986	$ 116,793	$ 483	$ 440	$ 142,702

Pursuant to the R.O.C. Company Law, 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 it 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.

C. Legal reserve

Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.

D. Special reserve

In accordance with the "Rules Governing the Administration of Securities Firms", 20% of the current year's earnings, after paying all taxes and offsetting prior years' operating losses, if any, shall be set aside as special reserve until the cumulative balance equals the total amount of paid-in capital. The special reserve shall be used exclusively to cover accumulated deficit or to increase capital and shall not be used for any other purpose. Such capitalization shall not be permitted unless the Company 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.

In accordance with the regulations, the Company shall set aside an equivalent amount of special reserve from accumulated unappropriated retained earnings of the current year based on the decreased amount of equity. If there is any subsequent reversal of the decrease in equity, the earnings may be distributed based on the reversal proportion.

In accordance with Jing-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. From fiscal year 2017, special reserve as mentioned above may be reversed based on an amount equal to employees' transformation training expenditure, transfer and arrangement expenditure arising from the development of Fintech. Further, according to Jing-Guan-Zheng-Quan Letter No. 1080321644 dated July 10, 2019, securities firms are no longer required to set aside 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 aforementioned expenditures.

29) Unappropriated earnings and dividends policy

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall be used to pay all taxes and offset prior years' operating losses 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. Upon provision or reversal of special reserve in accordance with the law, any remaining amount together with unappropriated earnings at beginning of the period shall be distributed according to the following resolution adopted at the stockholders' meeting: Distribution shall not be made if the balance of distributable earnings is less than 5% of paid-in capital.

B. In addition, the total amount of dividends declared every year shall be at least 70% of distributable earnings, of which stock dividends shall be at least 50% and cash dividends shall be lower than 50%.

C. The Company may determine a better proportion of cash and stock dividends distribution based on its actual operating conditions and capital utilization plan for the following year.

D. The earnings distribution for 2019 as resolved by the shareholders on March 26, 2020; the appropriation of 2018 earnings was resolved by the shareholders on June 18, 2019. Details are as follows:

	For the year ended December 31, 2019		For the year ended December 31, 2018	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Provision of legal reserve	$ 234,244		$ 121,032	
Provision of special reserve	473,707		242,064	
Provision of special reserve (Note 1)	-		6,052	
Reversal of special reserve (Note 1 and 3)	(4,221)		(4,365)	
Reversal (provision) of special reserve (Note 2)	-		(58,374)	
Cash dividends	1,372,390	$ 1.00	959,395	$ 0.69
Stock dividends	274,478	0.20	-	
Total	$ 2,350,598		$ 1,265,804	

Note 1：Special reserve was provided for employees' transition for financial technology development according to Jing-Guan-Zheng-Chuang Letter No. 10500278285 and can be reversed for employees' transition.

Note 2：Special reserve shall be set aside in the same amount of net debit amount of other equity interest recorded in current year from the profit or loss of current year and the accumulated unappropriated earnings pursuant to paragraph 1 of Article 41 of Securities and Exchange Act and Jing-Guan-Zheng-Chuang Letter No. 1010028514.

Note 3：Special reserve was provided for employees' transition for financial technology development according to Jing-Guan-Zheng-Chuang Letter No. 1080321644 and can be reversed for employees' transition.

30) Brokerage handling fee revenue

	Three months ended March 31, 2020	Three months ended March 31, 2019
Revenues from brokered trading - TWSE	$ 341,597	$ 214,056
Revenues from brokered trading - OTC	107,994	95,936
Revenues from brokered trading - Futures	232,529	131,201
Others	27,000	28,426
Total	$ 709,120	$ 469,619

31) Revenues from underwriting business

	Three months ended March 31, 2020	Three months ended March 31, 2019
Revenues from underwriting securities on a firm commitment basis	$ 1,063	$ 866
Others	4,349	3,347
Total	$ 5,412	$ 4,213

32) Gain on sale of trading securities

	Three months ended March 31, 2020	Three months ended March 31, 2019
Dealers:		
-TAIEX	($ 307,268)	$ 705,608
-OTC	(84,746)	13,119
-Overseas trading	(30,035)	211,011
Subtotal	(422,049)	929,738
Underwriters:		
-TAIEX	10,515	9,281
-OTC	12,268	16,271
Subtotal	22,783	25,552
Hedging:		
-TAIEX	(289,984)	76,171
-OTC	(68,259)	23,577
-Overseas trading	158	2,645
Subtotal	(358,085)	102,393
Total	($ 757,351)	$ 1,057,683

33) Interest revenue

	Three months ended March 31, 2020	Three months ended March 31, 2019
Interest income from margin loans	$ 134,952	$ 119,555
Interest income from bonds	179,220	158,588
Others	3,301	884
Total	$ 317,473	$ 279,027

34) Valuation (loss) gain on trading securities at fair value through profit or loss

	Three months ended March 31, 2020	Three months ended March 31, 2019
(Loss) gain on sale of securities - dealer	($ 709,929)	$ 665,128
(Loss) gain on sale of securities - underwriting	(99,879)	28,535
(Loss) gain on sale of securities - hedging	(74,036)	7,271
Total	($ 883,844)	$ 700,934

35) Gain (loss) on covering of borrowed securities and bonds with resale agreements - short sales

	Three months ended March 31, 2020	Three months ended March 31, 2019
Loss from the bond investments under resale agreements	($ 5,201)	($ 2,269)
Gain from securities borrowing transactions - dealer	191,880	18,538
Gain from covering - warrants	14,085	1,438
Loss from securities borrowing transactions - warrants	(8,921)	-
Loss from securities borrowing transactions - PGN	(1,220)	-
Gain from covering - PGN	2,356	4,473
Total	$ 192,979	$ 22,180

36) Valuation gain (loss) on borrowed securities and bonds with resale agreements-short sales at fair value through profit or loss

	Three months ended March 31, 2020	Three months ended March 31, 2019
Valuation gain (loss) from securities borrowing transactions - dealer	$ 137,173	($ 18,817)
Valuation gain (loss) from covering - warrants	25,385	(5,686)
Valuation gain(loss) from covering - PGN	1,052	(8,353)
Valuation loss from the bond investments under resale agreements	-	(1,538)
Total	$ 163,610	($ 34,394)

37) Gain from issuance of call (put) warrants

	Three months ended March 31, 2020	Three months ended March 31, 2019
Gain on changes in fair value of call (put) warrant liabilities and redemption	$ 103,277	$ 20,522
Loss on exercise of call (put) warrants before maturity	(23,376)	(2,256)
Expenses arising out of issuance of call (put) warrants	(24,120)	(13,693)
Total	$ 55,781	$ 4,573

38) Gain(loss) from derivatives

	Three months ended March 31, 2020	Three months ended March 31, 2019
Futures contract (loss) gain	$ 579,842	($ 406,261)
Option trading loss	(153,701)	(37,452)
Loss on foreign exchange derivatives	(3,910)	(8,560)
Others	(9,918)	(17,393)
Total	$ 412,313	($ 469,666)

39) Impairment loss and reversal of impairment loss

	Three months ended March 31, 2020	Three months ended March 31, 2019
Provision for impairment	$ 5,966	($ 14,341)
Recovery of bad debts	11	14
Total	$ 5,977	($ 14,327)

40) Other operating income

	Three months ended March 31, 2020	Three months ended March 31, 2019
Income from securities lending	$ 32,457	$ 16,436
Net currency exchange gain	76,467	14,164
Handling fee revenues from funds	12,464	10,143
Others	17,085	19,692
Total	$ 138,473	$ 60,435

41) Handling charges

	Three months ended March 31, 2020	Three months ended March 31, 2019
Brokerage handling fee expense	$ 78,407	$ 54,227
Dealer handling fee expense	66,079	94,538
Refinancing processing fee expense	836	365
Total	$ 145,322	$ 149,130

42) Financial costs

	Three months ended March 31, 2020	Three months ended March 31, 2019
Interest expense from repurchase agreements	$ 91,683	$ 86,716
Loans interest expense	33,496	29,509
Other interest expense	4,598	4,396
Total	$ 129,777	$ 120,621

43) Employee benefits expense

	Three months ended March 31, 2020	Three months ended March 31, 2019
Salaries	$ 542,764	$ 566,775
Labor and health insurance	38,810	33,970
Pension	18,441	17,822
Other employee benefits	31,291	28,067
Total	$ 631,306	$ 646,634

A. In accordance with the Company's Article of Incorporation, the remainder of the year-end income before taxes less income before appropriating employees' compensation and directors' remuneration, if any, shall appropriate an employees' compensation no less than 1.6% and directors' remuneration no more than 2%. However, when the Company has an accumulated deficit, earnings to cover the deficit shall first be retained before appropriating employees' compensation and directors' remuneration.

B. For the three months ended March 31, 2020 and 2019, employees' compensation was accrued at $0 and $19,983, respectively; directors' remuneration was accrued at $0 and $19,983, respectively. The aforementioned amounts were recognized in salary expenses.

C. For the three months ended March 31, 2019, employees' compensation was estimated at 2% and directors' remuneration at 2%, based on the period-end income before taxes less income before appropriating employees' compensation and directors' remuneration.

D. The actual distributed amount of employees' and directors' remuneration for 2019 as resolved by the Board of Directors was in agreement with the estimates in the 2019 financial statements.

E. Information on the appropriation of the Company's earnings as resolved by the Board of Directors would be posted in the "Market Observation Post System" on the Taiwan Stock Exchange official website.

44) Depreciation and amortization

	Three months ended March 31, 2020	Three months ended March 31, 2019
Depreciation	$ 44,538	$ 45,420
Amortization	6,311	5,561
Total	$ 50,849	$ 50,981

45) Other operating expenses

	Three months ended March 31, 2020	Three months ended March 31, 2019
Rentals	$ 592	$ 1,209
Taxes	187,929	114,485
Computer information expenses	36,694	39,047
Postage	20,250	16,815
Others	106,028	83,893
Total	$ 351,493	$ 255,449

46) Other gains and losses

	Three months ended March 31, 2020	Three months ended March 31, 2019
Financial income	$ 44,258	$ 44,120
(Loss) gain on disposal of investments	(55,757)	6,863
(Loss) gain on valuation of non-operating financial instruments	(8,883)	9,113
Net currency exchange gain	162	1,552
Other non-operating revenues	33,959	30,808
Total	$ 13,739	$ 92,456

47) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Three months ended March 31, 2020	Three months ended March 31, 2019
Current tax:		
Current tax on profits for the periods	$ 7,027	$ 52,312
Prior year income tax overestimation	(8,586)	(8,085)
Total current tax	(1,559)	44,227
Deferred taxes:		
Temporary differences	(9,506)	(2,965)
Total deferred taxes	(9,506)	(2,965)
Income tax expense	($ 11,065)	$ 41,262

B. The Company’s income tax returns through 2016 have been assessed by the National Tax Authority. The income tax returns through 2018 of all company subsidiaries have been assessed.

C. With respect to the income tax returns of the Company for 2016, the Tax Authority assessed to increase income tax payable by $11,820. The Company disagreed with the assessment and had filed for administrative remedy and had recognized the income tax expense based on the assessment.

48) Earnings per share

	Three months ended March 31, 2020		
	Amount after tax	Weighted-average outstanding common shares (In thousands)	Earnings per share (In dollars)
Basic earnings per share			
Net loss attributable to common shareholders	($ 923,515)	1,372,390	($ 0.67)
Dilutive effect of common stock equivalents			
Employee bonus	-	-	
	($ 923,515)	1,372,390	($ 0.67)

	Three months ended March 31, 2019		
	Amount after tax	Weighted-average outstanding common shares (In thousands)	Earnings per share (In dollars)
Basic earnings per share			
Net income attributable to common shareholders	$ 923,644	1,376,721	$ 0.67
Dilutive effect of common stock equivalents			
Employee bonus	-	1,432	
	$ 923,644	1,378,153	$ 0.67

7. RELATED PARTY TRANSACTIONS

1) Names and relationships of related parties

Names of related parties	Relationship with the Company
Uni-President Enterprises Corp.	Entity having significant influence on the Company
Uni-President Asset Management Corp.	Associate
Fund managed by Uni-President Asset Management Corp.	Security investment trust fund raised by the Uni-President Assets Management Corp.
President Chain Store Corp. (PCSC)	Other related party
Ton Yi Industrial Corp.	Other related party
President Tokyo Co., Ltd.	Other related party
Cayman President Holdings, Ltd.	Other related party
President Life Sciences Cayman Co., Ltd.	Other related party
President (BVI) International Investment Holding Ltd.	Other related party

2) Significant related party transactions and balances

A. Accounts receivable

	March 31, 2020	December 31, 2019
Entity having significant influence on the company:		
Uni-President Enterprises Corp.	$ 274	$ 274
Other related party:		
Others	677	729
Total	$ 951	$ 1,003

	March 31, 2019
Entity having significant influence on the company:	
Uni-President Enterprises Corp.	$ 288
Associate:	
Uni-President Assets Management Corp.	10
Other related party:	
Others	697
Total	$ 995

B. Other receivables

	March 31, 2020	March 31, 2019
Associate:		
Uni-President Assets Management Corp.	$ 41	$ -
Other related party:		
Others	-	18
Total	$ 41	$ 18

There were no transaction with related party as at December 31, 2019.

C. Guarantee deposit received

	March 31, 2020	December 31, 2019
Associate:		
Uni-President Assets Management Corp.	$ 1,044	$ 1,044
Other related party:		
President Tokyo Co., Ltd.	1,434	1,434
Total	$ 2,478	$ 2,478

	March 31, 2019
Associate:	
Uni-President Assets Management Corp.	$ 530
Other related party:	
President Tokyo Co., Ltd.	1,393
Total	$ 1,923

D. Accounts payable

	March 31, 2020	December 31, 2019
Other related party:		
President Tokyo Co., Ltd.	$ 343	$ 452

There were no transaction with related party as at March 31, 2019.

E. Lease transactions－lessee

(A) The Group leases business vehicles and multifunction printers, etc., from President Tokyo Co., Ltd. Rental contracts periods are typically 1 to 5 years. Rents are paid monthly.

(B) Right-of-use assets:

a. Acquisition of right-of-use assets

	Three months ended March 31, 2020
Other related party:	
President Tokyo Co., Ltd.	$ 116

There were no transaction with related party as at March 31, 2019.

Due to the application of International Financial Reporting Standard No. 16, the Group increased its acquisition of right-of-use assets by $17,023 from the related parties on January 1, 2019.

(C) Lease liabilities

a. Lease liabilities－current

	March 31, 2020	December 31, 2019
Other related party:		
President Tokyo Co., Ltd.	$ 5,455	$ 5,755

	March 31, 2019
Other related party:	
President Tokyo Co., Ltd.	$ 5,559
Other	360
Total	$ 5,919

b. Lease liabilities－noncurrent

	March 31, 2020	December 31, 2019
Other related party:		
President Tokyo Co., Ltd.	$ 10,162	$ 11,325

	March 31, 2019
Other related party:	
President Tokyo Co., Ltd.	$ 8,873

c. Interest expense

	Three months ended March 31, 2020	Three months ended March 31, 2019
Other related party:		
President Tokyo Co., Ltd.	$ 31	$ 29
Other	-	1
Total	$ 31	$ 30

F. Bonds sold under repurchase agreements

	March 31, 2020	December 31, 2019
Other related party:		
Cayman President Holdings, Ltd.	$ 45,640	$ -
President Life Sciences Cayman Co., Ltd	24,762	24,475
President (BVI) International Investment Holdings Ltd.	110,321	-
Total	$ 180,723	$ 24,475

	March 31, 2019
Other related party:	
President Life Sciences Cayman Co., Ltd	$ 24,656

G. Handling fee revenue

	Three months ended March 31, 2020	Three months ended March 31, 2019
Security investment trust fund raised by the Uni-President Asset Management Corp.:		
Uni-President Asset Management Corp.	$ 8,348	$ 4,732
Other related party:		
Other	442	32
Total	$ 8,790	$ 4,764

Terms of handling fee revenue mentioned above are similar to those of transactions with third parties.

H. Gain on wealth management - trust income from sales of funds

	Three months ended March 31, 2020	Three months ended March 31, 2019
Associates:		
Uni-President Assets Management Corp.	$ 1,459	$ 1,335

The revenues were collected on a monthly basis in accordance with contract terms.

I. Other operating revenue - handling fee revenues from underwriting funds

	Three months ended March 31, 2020	Three months ended March 31, 2019
Associates:		
Uni-President Assets Management Corp.	$ 12,056	$ 9,907

The revenues were collected on a monthly basis in accordance with contract terms.

J. Rent income

	Period	Deposit	Three months ended March 31, 2020	Three months ended March 31, 2019
Associates:				
Uni-President Assets Management Corp.	2016.01.01~2024.03.31	$ 1,044	$ 1,709	$ 1,770
Other related party:				
President Tokyo Co., Ltd.	2016.01.01~2024.03.31	1,434	2,355	2,355
Total			$ 4,064	$ 4,125

Rental income mentioned above is derived from leasing part of the Group's office space and business premises to various related parties and calculated as agreed by both parties. Lease payments are collected on schedule in accordance with the terms of the lease contracts.

K. Stock custodian income

	Three months ended March 31, 2020	Three months ended March 31, 2019
Entity having significant influence on the company:		
Uni-President Enterprises Corp.	$ 822	$ 864
Associate:		
Uni-President Assets Management Corp.	40	37
Other related party:		
Ton Yi Industrial Corp.	308	309
President Chain Store Corp. (PCSC)	483	431
Others	686	696
Total	$ 2,339	$ 2,337

Terms of stock custodian income mentioned above are similar to third parties.

L. Gain(loss) from derivatives

	Three months ended March 31, 2020
Other related party:	
Cayman President Holdings, Ltd.	($ 1,180)

There were no transaction with related party as at for the three months ended March 31, 2019.

M. Other operating expenses - equipment rental and copy expense

	Three months ended March 31, 2020	Three months ended March 31, 2019
Other related party:		
President Tokyo Co., Ltd.	$ 827	$ 7

N. Financial expense

	Three months ended March 31, 2020	Three months ended March 31, 2019
Other related party:		
Cayman President Holdings, Ltd.	$ 93	$ 1,464
President Life Sciences Cayman Co., Ltd	153	33
President (BVI) International Investment Holdings Ltd.	287	-
Total	$ 533	$ 1,497

O. Purchases of trading securities – dealer

	March 31, 2020		Three months ended March 31, 2020
	Ending Shares (In thousands)	Ending Balance	Gain (loss)
Entity having significant influence on the company:			
Uni-President Enterprises Corp.	7	$ 459	($ 1,972)
Security investment trust fund raised by the Uni-President Asset Management Corp.:			
Uni-President Asset Management Corp.	-	10,289	-
Other related parties:			
President Chain Store Corp.	2	566	(41)
Total		$ 11,314	($ 2,013)

	December 31, 2019		Year ended December 31, 2019
	Ending Shares (In thousands)	Ending Balance	Gain (loss)
Entity having significant influence on the company:			
Uni-President Enterprises Corp.	76	$ 5,639	($ 2,458)
Security investment trust fund raised by the Uni-President Asset Management Corp.:			
Uni-President Asset Management Corp.	-	10,277	-
Other related parties:			
President Chain Store Corp.	-	-	(209)
Total		$ 15,916	($ 2,667)

	March 31, 2019		Three months ended March 31, 2019
	Ending Shares (In thousands)	Ending Balance	Gain (loss)
Entity having significant influence on the company:			
Uni-President Enterprises Corp.	44	$ 3,291	$ 256
Security investment trust fund raised by the Uni-President Asset Management Corp.:			
Uni-President Asset Management Corp.	-	10,233	-
Other related parties:			
President Chain Store Corp.	-	-	(120)
Total		$ 13,524	$ 136

P. Compensation of key management personnel

The compensation of key management such as directors, general managers, vice general managers were as follows:

	Three months ended March 31, 2020	Three months ended March 31, 2019
Salary and short-term employee benefits	$ 36,773	$ 43,047
Retirement benefits	329	375
Other long-term employee benefits	-	-
Termination benefits	-	-
Share-based payment	-	-
Total	$ 37,102	$ 43,422

(Blank below)

8. PLEDGED ASSETS

The Company's assets pledged or restricted for use were as follows:

Assets	March 31, 2020	December 31, 2019	Purposes
Financial assets at fair value through profit or loss - current:			
Trading securities (par value)			
- Corporate bonds	$ 900,000	$ 1,600,000	Securities for bonds sold under repurchase agreements
- Government bonds	3,563,300	3,330,800	Securities for bonds sold under repurchase agreements
- Bank debentures	200,000	400,000	Securities for bonds sold under repurchase agreements
- Overseas bonds	6,335,745	12,421,911	Securities for bonds sold under repurchase agreements
- International bonds	3,471,703	4,110,169	Securities for bonds sold under repurchase agreements
Restricted assets:			
- Demand deposits	3,394	735	Collections on behalf of third parties and reimbursement for wages and stocks
- Pledged time deposits	532,922	531,251	Securities for short-term loans and guarantees for issuance of commercial papers
Financial assets at fair value through profit or loss - non-current:			
- Government bonds (par value)	50,000	50,000	Trust fund deposit-out
Property and equipment			
- Land and buildings (book value)	1,105,787	1,107,127	Securities for short-term loans and guarantees for issuance of commercial papers
Pledged time deposits			
- Operating guarantee deposits	640,000	660,000	Security deposits
- Refundable deposits	2,000	2,000	Security deposits

Assets		March 31, 2019	Purposes
Financial assets at fair value through profit or loss - current:			
Trading securities (par value)			
- Corporate bonds	$	800,000	Securities for bonds sold under repurchase agreements
- Government bonds		5,666,000	Securities for bonds sold under repurchase agreements
- International bonds		641,434	Securities for bonds sold under repurchase agreements
- Overseas bonds		15,412,390	Securities for bonds sold under repurchase agreements
Financial assets at fair value through other comprehensive income - current			
- Overseas bonds (par value)		308,200	Securities for bonds sold under repurchase agreements
Restricted assets:			
- Demand deposits		131,283	Collections on behalf of third parties and reimbursement for wages and stocks
- Pledged time deposits		635,599	Securities for short-term loans and guarantees for issuance of commercial papers
Financial assets at fair value through profit or loss - non-current:			
- Government bonds (par value)		50,000	Trust fund deposit-out
Pledged time deposits			
- Operating guarantee deposits		680,000	Security deposits
- Refundable deposits		2,000	Security deposits

9. SIGNIFICANT COMMITMENTS

None.

10. SIGNIFICANT LOSS FROM NATURAL DISASTER

None.

11. SIGNIFICANT SUBSEQUENT EVENT

None.

12. OTHER

1) Management objective and policy of financial risks

A. Risk management objective

The Group continually strengthens risk culture to every employee and makes sure that the Group can actively develop various businesses under a healthy and effective risk management system. At the same time, by creating value of an entity and continually increasing profit, profit maximization may be achieved within appropriate risk tolerance.

B. Risk management system

In order to ensure the completeness of risk management system, run the balancing mechanism of risk management, and improve the division efficiency of risk management, the Group sets up "Risk Management Policy". Such policy aims to establish internal system compliance and the guiding tools for policies communication within the Group and enable every layer of the Group engaged in different tasks to identify, evaluate, monitor, and control various risks with establishment of consistent compliance rules for risks of each business so that the risks can be controlled within the limits set in advance.

The Group's risk management system covers risks incurred from businesses on and off the balance sheet, such as market risk, credit risk, liquidity risk, operating risk, legal risk, model risk which are all included in the risk management.

C. Risk management organization

Risk management organization: Board of Directors, Risk Management Committee, Risk Control Office, Business units and other related segments (such as Office of Auditing, Office of General Manager, Compliance segment, Legal segment and Finance segment) are in charge of planning, supervising and execution.

(A) The Board of Directors should ensure the effectiveness of risk management and be responsible for the ultimate result and the following duties:

a. To establish proper risk management system, operating process, and risk management culture in the Group with allocation of necessary resource for better execution and operation.

b. Policy of risk management review

c. Review and approval of business application, transaction authorization and risk limit.

(B) The Risk Management Committee reports to the Board of Directors and is responsible for the following:

a. Review risk management policy

b. Review the highest risk tolerance

c. Submit regular reports to the Board of Directors in relation to the risk management status of the whole Group

(C) The General Manager supervises daily risk management of the entire Group and is responsible for the following:

a. Supervise and monitor daily risk management of the entire Group

b. Approval of management exceptions

(D) Assets and Liabilities Committee reports to the General Manager and is responsible for the following:

a. Set up the ultimate guidelines for assets and liabilities management of the entire Group

b. Analyze and control the entire Group's assets and liabilities portfolio

c. Approval of various businesses' quotas

d. Gather and analyze information on domestic and offshore interest rate, exchange rate, prosperity fluctuation, political and economic environmental changes, and predict the financial trend in the future

(E) Risk Control Office implements risk management policy and related regulations and reports to the Risk Management Committee. Risk Control Office also reports daily risk management to the General Manager and is responsible for the following:

a. Establish Risk Management Policy of the entire Group
b. Develop effective method for measurement and risk management in an entity
c. Review risk management system of business units
d. Generate risk report through information gathering and consolidation
e. Analyze various business risks and report to the General Manager
f. Report the risk management situation to the Risk Management Committee according to a meeting's nature and needs
g. Carry out duties as designated by the Risk Management Committee and control risks of business units

(F) Auditing Office is responsible for the following:
a. Execute operating risk control
b. Include the risk management system into internal audit program and carry out the daily audit schedule.
c. Assess the effectiveness of internal control and verify the executed result.

(G) Compliance segment and legal segment under the Office of General Manager are responsible for the following:
a. Compliance segment should make sure that the business operation and risk management system are in compliance with relevant regulations.
b. Legal segment is responsible for legal risk control
c. Compliance segment also provides services of Anti-Money Laundering and Counter Terrorism Financing, including designs specification and internal control, establishes transaction monitoring, oversees the effective implementation of business units, conducts the employee training and reports any suspicion of money laundering.

(H) Finance segment is responsible for the following:
a. Verify the correctness of position information and reasonability of profit and loss calculation.
b. Control and analyze self-owned capital adequacy ratio.
c. Analyze the appropriateness of structures of the assets and liabilities.

(I) Business units are responsible for the following:
a. Set up risk management details of various businesses according to the risk management policy and other related regulations.
b. Provide sufficient position information and risk control information to the Risk Control Office.

(J) Settlement division is responsible for:
a. Clearing and settlement; risk control and management of margin purchase and short sale of securities.
b. Risk control and management of trading middle office and enforcement of rules governing risk management of business segments.

D. Risk management policy

In order to ensure the completeness of risk management system, run the balancing mechanism of risk management, and improve the division efficiency of risk management, the Group sets up "Risk Management Policy". Such policy aims to establish internal system compliance and the guiding tools for policies communication within the Group and enable every layer of the Group engaged in different tasks to identify, evaluate, monitor, and control various risks with establishment of consistent compliance rules for risks of each business so that the risks can be controlled within the limits set in advance.

Risk management processes include risk identification, risk evaluation, risk supervision and various risk control. Each kind of risk evaluations and responding strategies are described as follows:

(A) Market risk management

The Group has implemented risk management information system (Risk Manager) in relation to market risk control. All trading positions of the Group have been included in the daily risk control system for the calculation of Value at Risk (VaR). Limit exceeding indicators are mainly the nominal principal, stop-loss, sensitivity (Greeks) and VaR. The risk management report is presented on a daily basis for implementation of regular control and limit exceeding handling procedures.

(B) Credit risk management

In relation to risk control, the quantitative model of default rate adopts KMV model to calculate the default rate of issuers with credit exposure of the issuing company and the trading counterparties, and credit risk of securities disclosed in the report. The credit exposure is mitigated through regular review of credit status.

(C) Fund liquidity risk

Unit in charge of fund procurement regularly predicts future fund demand and supply, and consolidates company guarantee or endorsement and capital lending businesses to monitor the condition of fund procurement on a daily basis.

E. Hedging and risk-offsetting strategy

(A) Policies of hedging and risk mitigating are parts of the Group's risk management policies, and the hedging position and hedged trading position are supposed to be one portfolio, of which the gain and loss and risk information are measured on a consolidated basis.

(B) The overall position (hedging position and trading position) is included in the daily risk management system to calculate Value at Risk and other relevant information. Limit exceeding indicators mainly include nominal principal, stop-loss point, price sensitivity and VaR. With the presentation of daily risk management report, routine control and limit exceeding treatment can be executed.

(C) The continued effectiveness of hedging and risk-offsetting strategy is measured by the gain and loss of overall position (hedging position and trading position), in order to track reasonableness of the profit or loss of hedging position and the offsetting relationship with the profit or loss of trading position, and to control them within a reasonable range.

2) Credit risk

A. Source and definition of credit risk

The credit risk exposure of the Group as a result of engagement in financial transactions include issuer's credit risk, credit risk of counterparty and credit risk of underlying assets:

(A) Credit risk of the issuer refers to the issuers of financial debt instruments held by the Group failing to repay its obligation due to the fact that the issuer breaches the contract resulting in the risk of financial loss to the Group.

(B) Credit risk of counterparty refers to risk of financial loss to the Group arising from default by the counterparty of financial instruments on the settlement or payment obligation.

(C) Credit risk of the underlying assets happens when the credit rating of the underlying assets linked to the financial instrument is downgraded by the rating agency or when the losses occur as a result of contract default.

The financial assets held by the Group which could result in credit risk include bank deposit, debt securities, derivatives transactions in OTC, bonds purchased/sold under resale/repurchase agreements, refundable deposit of securities lending, futures trade margins, other refundable deposits and receivables.

B. Maximum credit risk exposure and credit risk concentration

The maximum exposure to credit risk of financial assets in the consolidated balance sheet, without consideration of the collateral or other credit enhancements, is equivalent to the carrying amount. In Taiwan, the sources of credit risk of the Group are primarily resulting from cash deposited with banks or other financial institutions, debt securities issued or guaranteed by a bank, derivative instruments transaction underwritten by the Group, and all counterparties of customer margin deposits accounts being financial institutions. Credit risks of various financial assets are as follows:

(A) Cash and cash equivalents

Cash and cash equivalents include time deposit, demand deposits and checking deposits. Correspondent institutions are mainly domestic financial institutions.

(B) Financial assets at fair value through profit and loss -current

a. Fund

The funds held by the Group are bond funds. As the positions held are not significant, credit risk is deemed low.

b. Commercial papers

The commercial papers held by the Group are under resale agreements. As all the counterparties are financial institutions with good credit, the credit risk from counterparties is extremely low.

c. Debt securities

Debt securities are mainly positions like government bonds, convertible corporate bonds and foreign bonds and the issuers are primarily R.O.C. government, domestic and foreign legal entities. 25% of convertible corporate bond is guaranteed by banks. Details are as follows:

(a)Bonds

The bonds held by the Group are mostly government bonds (inclusive of central and local government). As a whole, the credit risk of the bonds held by the Group is low.

(b) Corporate bonds

The corporate bonds held by the Group are mainly underlying investment with good credit rating and those with rating above (S&P BB).

(c)Convertible corporate bond

The convertible corporate bonds held by the Group are mostly issued by the domestic legal entities. The Group mitigates highly risky credit exposure of the issuers by control through Taiwan Corporate Credit Risk Index (TCRI).

(d)Foreign bonds

The foreign bonds held by the Group are mainly underlying investment with good credit rating and those with rating above (S&P BB).

(C) Financial assets at fair value through other comprehensive income - current

The foreign government bonds held by the Group are classified as debt instruments at fair value through other comprehensive income. In general, the bonds held by the Group are with lower credit risk.

(D) Derivatives- futures trade margin

When engaging in futures trades in stock exchange market, the Group needs to deposit margin into a margin deposit account of a financial institution designated by the futures merchants as a guarantee to fulfil contractual obligation in the future. As a result, the credit risk is low.

(E) Derivatives-OTC

The Group signs International Swaps and Derivatives Association (ISDA) agreements with each counterparty when engaging in OTC derivatives as an agreement regarding such transactions for both parties. In the agreement, it provides a fundamental contractual model for OTC derivative transactions. If any party breaches the contract or terminates the transactions early, then all the open interest covered in the agreement should be settled by net amount as bound in the contract. When the ISDA agreement is signed, the Credit Support Annex (CSA) is also signed. According to the CSA, collateral will be transferred from a party to the other during transaction process to mitigate the risk of counterparty in open interest. Please refer to Note 6(11).

Types of OTC derivative transactions in which the Group is engaged include swap transaction. The counterparties are all from financial service industry and mainly located in Taiwan and United Kingdom.

(F) Bonds investment under a resale agreement

Bonds sold under a resale agreement are the bonds that the client sold to the Group at a price, interest rate, length of period as agreed by two parties and the client shall repurchase the bonds at the specified price upon maturity. The Group needs to assume credit risk from counterparties when underwriting such business, as the payment being delivered to the other party. With consideration of good collateral obtained, the net of credit risk exposure from counterparties can be effectively reduced. As all the counterparties are financial institutions with good credit rating, the credit risks from counterparties are extremely low. Please refer to Note 6(11).

(G) Margin loans receivable

Margin loans receivable are the loans provided to the client in order to process businesses of margin trading and short sale using the securities purchased through financing as collateral. The Group monitors the clients' margin ratio through information system on a daily basis. As the margin ratio of margin trading is set at 130% according to Regulations Governing the Conduct of Securities Trading Margin Purchase and Short Sale Operations by Securities Firms, the credit risk is extremely low.

(H) Receivables of securities business money lending

Receivables of securities business money lending are the non-restricted purpose loan business and monetary financing business, pursuant to an agreement between a securities firm and a customer, using customer securities and other commodities as collateral. The Company regularly assesses its customer line of credit and implements appropriate credit control.

(I) Guaranteed price for securities lending

Guaranteed price for securities lending is the sale price of the Group's securities sold by other securities firms through margin trading after deduction of securities transactions tax and service fee, which is deposited in other securities firms as collateral. As all the counterparties are financial institutions with good credit rating, the credit risk from counterparties is extremely low.

(J) Refundable deposits for securities lending

Refundable deposits for securities lending are the margins deposited in other securities firm as collateral when the Group's securities are sold. As all the counterparties are financial institutions with good credit, the credit risk from counterparties is extremely low.

(K) Receivables

Receivables are the credit rights arising from the securities business including settlement receivables of consignment trading, settlement receivables of operating securities sold, financing interest receivables of self-operating credit transaction, receivables of consignment trading for securities, and receivables from banks' underwriting on foreign exchange transactions and foreign fund demand. As the majority of the Group's receivables from the consignment businesses and self-operating businesses are settlement of securities from OCT or TWSE, the credit risk is extremely low. As the foreign exchange transactions are simply the receipt or payment of different currencies and the correspondent banks are of good credit rating, the credit risk is extremely low.

(L) Other current assets

Other current assets are mainly the collateral deposited in the bank for application for short-term debt limit and guarantee for application for issuance of commercial papers. As the correspondent banks are all financial institutions with good credit rating, the credit risk is extremely low.

(M) Financial assets at fair value through profit and loss – non-current

In order to underwrite trust business, the Group deposits central government bonds in the Central Bank as collateral. Regardless of the bonds themselves or the financial institutions where the bonds are deposited, the credit risk is extremely low.

(N) Other non-current assets

Other non-current assets mainly comprise operating guarantee deposits, settlement funds, and refundable deposits. Operating guarantee deposits are mainly deposited in domestic banks with good credit rating. Settlement funds are deposited in securities exchange. Settlement funds are used as compensation when a party to a marketable securities transaction fails to fulfil the settlement obligation. The credit risks from the institutions where these two assets are deposited are extremely low. The refundable deposits refer to cash or other assets which are deposited externally by the Group and can be used as refundable deposits. Because deposits are placed in various financial institutions and each deposit amount is small, the credit risk is dispersed and the credit exposure of overall refundable deposit is extremely low.

C. Expected credit loss assessment

In the assessment of impairment and calculation of expected credit losses, the Group considers reasonable and supporting information about past events, current conditions and future economic conditions. 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 loss 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 loses are recognized for assets in Stage 2 and Stage 3.

The definition of and expected credit losses recognized for each stage are as follows:

Item	Stage 1	Stage 2	Stage 3
Definition	No significant deterioration of credit quality of the financial asset since initial recognition, or the financial asset is considered low-risk at the balance sheet date.	Significant deterioration of credit quality of the financial asset since initial recognition, but the asset is not yet credit impaired.	The financial asset is credit impaired at the financial reporting date.
Expected credit losses recognition	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

(A) Judgements of the significant increase in credit risk since initial recognition

Judgements and assumptions used to determine whether the credit risk has a significant increase since initial recognition when the Group calculates expected credit loss under IFRS 9 are as follows:

a. If contractual payments are over 30 days past due according to the payment terms, the financial asset is considered to have significant increase in credit risk since initial recognition.

b. There is significant increase in credit risk at the reporting date if the credit rating of the issuer has been downgraded by more than 2 grades and the final external credit rating at the reporting date is non-investment grade, if the interest payments are over 30 days past due, or if there has been a default in the past.

(B) Definition of default and credit-impaired financial assets

According to the definition of credit impairment set by IFRS 9, a financial asset is credit-impaired when one or more events that have occurred and have a significant impact on the expected future cash flows of the financial asset. The criteria used to judge whether a financial asset is credit-impaired since initial recognition includes but is not limited to the following:

a. Contractual payments or principal or interest payments on bonds are over 3 months (90 days) past due.

b. Bond investment is rated as “in default” by external credit rating agencies.

c. Bond issuer has filed for bankruptcy, restructure, or other debt clearance procedures.

d. Issuer or counterparty has financial difficulties.

(C) Writing-off policy

If any of the following condition applies, the Group will write off the non-recoverable portion of the overdue receivables as bad debt.

a. Debt cannot be fully or partially recovered due to dissolution of, disappearance of, settlement with, bankruptcy declaration by the debtor, or any other reason.

b. The collateral and the assets of the primary and secondary debtors could not be auctioned off after multiple attempts and multiple price discounts, and the Company has not received any real benefits in assuming the collateral.

c. Payments are over two years past due and could not be recovered after attempts to collect.

(D) Measurement of expected credit losses

The Group considers reasonable supporting information which shows significant increase in credit risk since initial recognition when calculating expected credit losses. Main indexes include: internal/external credit rating, information of past due, credit spread, other market information in relation to the borrower, issuer or counterparty, and significant increase in credit risk of other financial instrument of the same borrower.

a. Investments in bills and bonds

(a)Probability of default was based on external credit rating, which include forward-looking information.

(b)Loss given default was based on the average loss given default of external credit rating of investment position and counterparties.

(c)Exposure at default

Stage 1, Stage 2 and Stage 3: Total carrying amount (including interest receivable).

(E)Consideration of forward-looking information

Historical loss rate (based on the historical experience in the past 3 to 5 years) as obtained and compared with economic environment in the past, nowadays and future (forward-looking factor) to see whether there is any significant change, and then to properly adjust future loss rate standards. If any significant default event occurs, the loss rate in the current year will be included in the calculation of future loss rate standard.

D. Table of movements in loss provision of the Group

(A) At March 31, 2020, December 31, 2019 and March 31, 2019, there were no changes in the loss allowance for investments in debt instruments measured at fair value through other comprehensive income.

(B) Except for bond interest receivable which was evaluated along with debt investments, the Group applies the simplified approach to measure the loss allowance at an amount equal to lifetime expected credit losses for marginal receivables, accounts receivable, other receivable-others and overdue receivables. The movements in loss provision of marginal receivables, accounts receivable, other receivable-others and other non-current assets-overdue receivables of the Group are as follows:

	Three months ended March 31, 2020				
	Marginal receivable	Accounts receivable	Other receivable - other	Other non-current assets-overdue receivables	Total
At January 1	$ 43,806	$ 656	$ 54	$ 240,073	$ 284,589
Provision (reversal of provision) for impairment	(14,014)	(178)	-	8,226	(5,966)
At March 31	$ 29,792	$ 478	$ 54	$ 248,299	$ 278,623

	Year ended December 31, 2019				
	Marginal receivable	Accounts receivable	Other receivable - other	Other non-current assets-overdue receivables	Total
At January 1	$ 61,669	$ 2,661	$ 11,333	$ 213,075	$ 288,738
Provision (reversal of provision) for impairment	20,067	528	(234)	(13,191)	7,170
Reversal of impairment	-	-	(10,532)	-	(10,532)
Write-offs	-	-	(498)	(274)	(772)
Effect of foreign exchange	-	-	(15)	-	(15)
Transfers	(37,930)	(2,533)	-	40,463	-
At December 31	$ 43,806	$ 656	$ 54	$ 240,073	$ 284,589

	Three months ended March 31, 2019				
	Marginal receivable	Accounts receivable	Other receivable - other	Other non-current assets-overdue receivables	Total
At January 1	$ 61,669	$ 2,661	$ 11,333	$ 213,075	$ 288,738
Provision (reversal of provision) for impairment	13,880	724	(75)	(188)	14,341
Effect of foreign exchange	-	-	1	-	1
At March 31	$ 75,549	$ 3,385	$ 11,259	$ 212,887	$ 303,080

3) Liquidity risk

A. Definition and source of liquidity risk

Liquidity risk refers to possible financial losses arising from the inability to realize the asset or to obtain sufficient fund to fulfil the financial liabilities soon to be matured. Above situations may weaken the sources of cash from the Group’s trading and investment activities.

B. Liquidity risk management procedure and stimulation test

In order to prevent operational crisis as a result of liquidity risk, the Group has established responding crisis process with regular monitoring over liquidity gap of fund.

(A) Procedure

In addition to the operating capital for various business and long-term investment, the Group needs to maintain revolving funds at a certain level for daily operation. The use of remaining fund shall avoid high concentration and should be based on the principle of holding sound earning assets with high liquidity and treated in compliance with policies of the Group.

The responsive unit for fund procurement adjusts the liquidity gap to ensure proper liquidity according to the daily volume and movement in the market.

(B) Stimulation test

a. The Group reviews fund liquidity risk from a perspective of supply and demand of fund every month with simulation analysis of available fund for emergency including scenario analysis of cash, funding limit of financial institutions, margin loans and short sale, and value of disposal of position in order to compute maximum available fund and fund demand. Finally, safety stock of fund is reviewed to monitor liquidity risk.

b. Above liquidity risk is generally reviewed monthly. However, if the available limit of increment banking credit risk in financing limit of a financial institution is lower than a certain amount (that is, the amount may be timely adjusted according to the fund liquidity in the market and the actual fund demand and supply in an entity), the safety stock will be reviewed weekly. After the early warning report for fund is submitted, the head of finance segment will call for a fund control meeting.

c. Other than individual funding liquidity risk of an entity, stress test of minimization funding supply and maximization funding demand in the event of significant crisis is simulated, including:

(a) When there is a significant crisis in the market, the financing limit of the financial institutions and the value of disposal of position can be deemed the minimized ratio of fund supply which is then adjusted according to actual condition to compute the total fund supply under maximum stress.

(b) Except for the operating expense, the stock concept is adopted for the calculation of total fund demand under maximum stress.

(c) The Group should conduct a review to see whether the total minimized fund supply is more than maximized total fund demand. The Group should further review how long (by month) the difference may cover the operating expenses so that the safety stock of fund (by month) under stress test can be computed.

(d) The minimum safety stock of fund under stress test (by month) may be adjusted according to the crisis itself and only operating expense for at least 6 months under a normal stimulation can be deemed safe.

C. Maturity analysis for the financial assets and financial liabilities held for liquidity risk management

(A) The Group holds cash and sound earning assets with high liquidity in order to fulfil the payment obligation and potential emergency fund demand in the market. Financial assets held for liquidity risk management are mainly cash and cash equivalents, among which, all time deposits mature within a year. Financial assets at fair value through profit and loss are mainly listed stocks, convertible bonds and debt securities. As all of them have positions in active market, the liquidity risk is deemed low.

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(B) Maturity analysis for the financial liabilities is as follows:

	March 31, 2020				
	Immediately	Less than 3 months	3-12 months	1-5 years	Total
Short-term loans	$ -	$ 3,158,263	$ -	$ -	$ 3,158,263
Commercial papers payable	-	2,100,000	-	-	2,100,000
Financial liabilities at fair value through profit or loss-current					
Non-derivative financial liabilities	590,585	-	-	-	590,585
Derivative financial liabilities	342,697	-	-	-	342,697
Bonds sold under repurchase agreements	-	13,952,383	-	-	13,952,383
Deposits on short sales	792,126	-	-	-	792,126
Deposits payable for securities financing	940,356	-	-	-	940,356
Securities lending refundable deposits	-	4,199	634	-	4,833
Futures traders' equity	18,635,778	-	-	-	18,635,778
Accounts payable (includes notes payable)	11,416,878	64,905	-	-	11,481,783
Collections on behalf of third parties	346,482	8,015	-	85,458	439,955
Other payables	-	260,046	769,892	-	1,029,938
Other financial liabilities -current	-	1,740,773	410,425	47,262	2,198,460
Lease liabilities	-	7,097	25,633	177,903	210,633
Total	$ 33,064,902	$ 21,295,681	$ 1,206,584	$ 310,623	$ 55,877,790

	December 31, 2019				
	Immediately	Less than 3 months	3-12 months	1-5 years	Total
Short-term loans	$ 600,000	$ 2,364,959	$ -	$ -	$ 2,964,959
Commercial papers payable	350,000	9,250,000	-	-	9,600,000
Financial liabilities at fair value through profit or loss-current					
Non-derivative financial liabilities	391,227	-	-	-	391,227
Derivative financial liabilities	457,402	-	-	-	457,402
Bonds sold under repurchase agreements	-	21,035,116	-	-	21,035,116
Deposits on short sales	1,558,717	-	-	-	1,558,717
Deposits payable for securities financing	1,888,832	-	-	-	1,888,832
Securities lending refundable deposits	-	56,004	-	-	56,004
Futures traders’ equity	13,713,667	-	-	-	13,713,667
Accounts payable (includes notes payable)	12,397,124	59,478	-	-	12,456,602
Collections on behalf of third parties	284,082	8,286	-	85,925	378,293
Other payables	-	272,368	1,075,313	-	1,347,681
Other financial liabilities -current	-	1,797,292	946,574	-	2,743,866
Lease liabilities	-	7,689	24,678	184,819	217,186
Total	$ 31,641,051	$ 34,851,192	$ 2,046,565	$ 270,744	$ 68,809,552

	March 31, 2019				
	Immediately	Less than 3 months	3-12 months	1-5 years	Total
Short-term loans	$ 3,268,842	$ 2,240,614	$ -	$ -	$ 5,509,456
Commercial papers payable	700,000	-	-	-	700,000
Financial liabilities at fair value through profit or loss-current					
Non-derivative financial liabilities	196,896	-	-	-	196,896
Derivative financial liabilities	368,698	-	-	-	368,698
Bonds sold under repurchase agreements	-	21,734,342	-	-	21,734,342
Deposits on short sales	1,258,409	-	-	-	1,258,409
Deposits payable for securities financing	1,414,379	-	-	-	1,414,379
Securities lending refundable deposits	-	49,103	-	-	49,103
Futures traders' equity	10,933,600	-	-	-	10,933,600
Accounts payable (includes notes payable)	16,214,118	61,819	-	-	16,275,937
Collections on behalf of third parties	425,999	6,171	-	88,111	520,281
Other payables	658	194,831	702,666	-	898,155
Other financial liabilities -current	-	2,260,415	980,195	-	3,240,610
Total	$ 34,781,599	$ 26,547,295	$ 1,682,861	$ 88,111	$ 63,099,866

4) Market risk

A. Definition of market risk

Market risk refers to the risk of decrease in the Group's revenue or value of investment portfolio as a result of the changes in exchange rate, commodity price, interest rate, and stock price or other market risk factors.

The Group continually exercises risk management tools such as sensitivity analysis, Value at Risk, stress test and so on to completely and effectively measure, monitor and manage market risk.

B. Value at Risk (VaR)

Value at Risk is used to measure the possible maximum potential losses in investment portfolio as a result of movement in market risk factor in a specified period and confidence level. The Group currently uses confidence level of 95% to calculate Value at Risk of one day.

A VaR model must reasonably, completely and accurately measure the maximum potential risks of financial instruments or investment portfolio before being adopted as a risk management model by the Group. The VaR model used in risk management is continually certified and retrospectively tested to demonstrate that the model can reasonably and effectively measure the maximum potential risks of financial instruments or investment portfolios.

Statistical table for one-day VaR of transactions			Statistical table for one-day VaR of transactions		
Three months ended March 31, 2020		Amount	Three months ended March 31, 2019		Amount
March 31, 2020	$	153,113	March 31, 2019	$	124,492
VaR Maximum		230,106	VaR Maximum		145,622
VaR Average		142,108	VaR Average		89,184
VaR Minimum		77,219	VaR Minimum		27,505

Statistical table for VaR of various risk indicators of transactions

Three months ended March 31, 2020		Foreign exchange		Interest		Share ownership
March 31, 2020	$	6,828	$	17,895	$	152,420
VaR Maximum		55,596		91,620		232,901
VaR Average		12,487		43,320		142,728
VaR Minimum		3,250		15,428		74,509

Three months ended March 31, 2019		Foreign exchange		Interest		Share ownership
March 31, 2019	$	3,873	$	39,809	$	127,305
VaR Maximum		10,300		46,272		147,328
VaR Average		6,268		28,296		87,871
VaR Minimum		3,045		8,308		24,906

C. Information on gap of foreign exchange risk

The following table summarizes financial instruments of foreign assets or liabilities by currency and the foreign exchange exposure presented by book value as of March 31, 2020, December 31, 2019 and March 31, 2019：

	March 31, 2020						
	USD	EUR	AUD	RMB	HKD	Others	Total
Financial assets in foreign currencies							
Cash and cash equivalents	$ 1,661,761	$ 2,848	$ 2,732	$ 242,718	$ 867,806	$ 17,577	$ 2,795,442
Financial assets at fair value through profit or loss	10,273,733	165,106	799,490	958,066	97,557	91,456	12,385,408
Investments accounted for under equity method	4,631,394	-	-	-	146,033	-	4,777,427
Others	(147,026)	(12,348)	-	8,457	1,230,809	(3,877)	1,076,015
Financial liabilities in foreign currencies							
Short-term loans	2,919,735	-	238,528	-	-	-	3,158,263
Financial liabilities at fair value through profit or loss	20,291	829	3,584	2,723	9,931	335	37,693
Bonds sold under repurchase agreements	7,558,247	65,101	512,061	848,524	-	68,592	9,052,525
Others	7,810,919	8,723	-	14,957	919,739	80,378	8,834,716

Note: As of March 31, 2020, foreign exchange rates of the above currencies to TWD were 1 USD = 30.225 TWD; 1 EUR= 33.240 TWD; 1 AUD= 18.635 TWD; 1 RMB= 4.255 TWD; and 1 HKD= 3.898 TWD, respectively.

	December 31, 2019						
	USD	EUR	AUD	RMB	HKD	Others	Total
Financial assets in foreign currencies							
Cash and cash equivalents	$ 1,266,500	$ 2,084	$ 2,447	$ 472,541	$ 886,968	$ 177,172	$ 2,807,712
Financial assets at fair value through profit or loss	16,127,328	1,834,006	852,473	1,299,213	185,712	238,446	20,537,178
Others	5,828,140	42,691	3,593	142,811	1,617,554	35,456	7,670,245
Financial liabilities in foreign currencies							
Short-term loans	2,364,960	-	-	-	-	-	2,364,960
Financial liabilities at fair value through profit or loss	12,434	2,749	1,710	13,715	465	1,072	32,145
Bonds sold under repurchase agreements	12,219,296	1,445,146	700,804	1,023,554	-	119,876	15,508,676
Others	7,757,580	40,361	5,729	386,181	1,098,824	67,505	9,356,180

Note: As of December 31, 2019, foreign exchange rates of the above currencies to TWD were 1 USD = 29.980 TWD; 1 EUR= 33.590 TWD; 1 AUD= 21.005 TWD; 1 RMB= 4.305 TWD; and 1 HKD= 3.849 TWD, respectively.

	March 31, 2019						
	USD	EUR	AUD	RMB	HKD	Others	Total
Financial assets in foreign currencies							
Cash and cash equivalents	$ 1,457,463	$ 205,279	$ 156,431	$ 372,570	$ 716,945	$ 89,162	$ 2,997,850
Financial assets at fair value through profit or loss	14,342,965	3,053,272	237,592	2,033,659	521,775	53,980	20,243,243
Financial assets at fair value through other comprehensive income - current	300,086	-	-	-	-	-	300,086
Bonds purchased under resale agreements	95,970	-	-	-	-	-	95,970
Others	10,045,052	275,614	123,395	363,203	1,604,323	57,748	12,469,335
Financial liabilities in foreign currencies							
Short-term loans	4,339,456	-	-	-	-	-	4,339,456
Financial liabilities at fair value through profit or loss	102,891	1	133	8,296	15	511	111,847
Bonds sold under repurchase agreements	11,859,015	2,041,614	235,069	1,018,797	-	-	15,154,495
Others	10,652,442	834,479	60,972	601,884	1,106,059	68,769	13,324,605

Note: As of March 31, 2019, foreign exchange rates of the above currencies to TWD were 1 USD = 30.820 TWD; 1 EUR= 34.610 TWD; 1 AUD= 21.855 TWD; 1 RMB= 4.580 TWD; and 1 HKD= 3.926 TWD, respectively.

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D. The total exchange gain, including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Group for the three months ended March 31, 2020 and 2019, amounted to $76,629 and $15,716, respectively.

5) Fair values and hierarchy information

A. Financial instruments and non-financial instruments not measured at fair value.

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, bonds purchased under resale agreements, margin loans receivable, refinancing guaranty deposits, guaranteed proceeds receivable from refinancing, guaranteed price deposits for security borrowing, security borrowing deposits, customer margin deposit account, notes and accounts receivable, other receivables, short-term loans, commercial paper payable, bonds sold under repurchase agreements, guarantee deposit received from short sales, guaranteed price deposits received from securities borrowers, security borrowing deposits, equity of futures traders, accounts payable, collection for others, and other payables) approximate their fair values. The fair value information of financial instruments measured at fair value is provided in Note 12(5)3.

	Total	Quoted prices of the same assets in active markets (level 1)	Other significant observable inputs (level 2)	Significant non-observable inputs (level 3)
Non-financial assets				
March 31, 2020				
Investment property	$ 627,726	$ -	$ 627,726	$ -
December 31, 2019				
Investment property	665,646	-	665,646	-
March 31, 2019				
Investment property	674,854	-	674,854	-

The fair value of investment property held by the Group was assessed by external valuation experts using comparison approach and income approach, or the fair value can be assessed based on the market price of the area adjacent to the location where the Group's investment property is located.

B. Valuation techniques

(A)For financial instruments held for trading purposes which are classified as non-derivative instruments, their fair values are based on their quoted prices in an active market. If there is no quoted market price for reference, a valuation technique will be adopted to measure the fair value. Estimates and assumptions of valuation technique adopted by the Group are in agreement with the information of estimates and assumptions adopted by market users for financial instrument pricing and the said information shall be accessible to the Group. For those classified as derivative instruments, their fair values are based on their market prices if their quoted prices are available from an active market. If quoted market prices in an active market are not available, SWAP and IRS are valued at the discounted cash flow method, and options are valued at the Black-Scholes model.

(B)When financial assets at fair value through other comprehensive income have quoted market prices available in an active market, the fair value is determined using the market price.

C. Fair value hierarchy of the financial instruments

(A)Definitions for the hierarchy classifications of financial instruments measured at fair value

a. Level 1

Level 1, are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date. An active market has to satisfy all the following conditions: a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The Group’s investments in listed stocks, beneficiary certificates, on-the-run Taiwan central government bonds and derivative instruments with quoted market prices, are deemed as level 1.

b. Level 2

Inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Investments of the Group such as emerging stock without active markets, off-the-run issue of government bonds, corporate bonds, bank debentures, convertible corporate bonds, currency swaps, interest rate swaps, options, asset swaps, and most derivatives are all classified within level 2. For the three months ended March 31, 2020 and 2019, there was no significant transfer of financial instruments between Level 1 and Level 2.

c. Level 3

Unobservable inputs for the assets or liability. The fair value of the Group’s investment in equity investment without active market is included in Level 3.

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(B)Hierarchy of fair value estimation of financial instruments

Financial instrument items measured at fair value	March 31, 2020			
	Total	Level 1	Level 2	Level 3
Recurring fair value				
Non-derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss - current				
Stock investments	$ 1,621,952	$ 1,579,302	$ 17,386	$ 25,264
Bond investments	18,039,020	913,160	17,125,860	-
Others	5,991,949	5,991,949	-	-
Financial assets at fair value through other comprehensive income - current				
Stock investments	1,092,172	1,092,172	-	-
Financial assets at fair value through profit or loss - noncurrent				
Stock investments	19,883		-	19,883
Bond investments	50,319	-	50,319	-
Financial assets at fair value through other comprehensive income - noncurrent				
Stock investments	607,196	-	-	607,196
Liabilities				
Financial liabilities at fair value through profit or loss - current	590,586	590,586	-	-
Derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss - current	3,778,342	3,769,707	8,635	-
Liabilities				
Financial liabilities at fair value through profit or loss - current	342,696	310,657	32,039	-

Financial instrument items measured at fair value	December 31, 2019			
	Total	Level 1	Level 2	Level 3
Recurring fair value				
Non-derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss - current				
Stock investments	$ 12,152,248	$ 12,087,400	$ 23,617	$ 41,231
Bond investments	25,159,729	870,587	24,289,142	-
Others	3,958,261	3,958,261	-	-
Financial assets at fair value through profit or loss - noncurrent				
Stock investments	21,180	-	-	21,180
Bond investments	50,116	-	50,116	-
Financial assets at fair value through profit or loss - noncurrent				
Stock investments	591,596	-	-	591,596
Liabilities				
Financial liabilities at fair value through profit or loss - current	391,227	391,227	-	-
Derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss - current	3,242,227	3,241,258	969	-
Liabilities				
Financial liabilities at fair value through profit or loss - current	457,401	421,685	35,716	-

	March 31, 2019			
	Total	Level 1	Level 2	Level 3
<u>Recurring fair value</u>				
<u>Non-derivative financial instruments</u>				
Assets				
Financial assets at fair value through profit or loss - current				
Stock investments	$ 7,238,569	$ 7,150,537	$ 69,406	$ 18,626
Bond investments	25,947,823	2,654,241	23,293,582	-
Others	3,343,470	3,343,470	-	-
Financial assets at fair value through other comprehensive income - current				
Bond investments	300,086	300,086	-	-
Financial assets at fair value through profit or loss - noncurrent				
Stock investments	18,983	-	-	18,983
Bond investments	50,041	-	50,041	-
Financial assets at fair value through other comprehensive income - noncurrent				
Stock investments	675,324	-	-	675,324
Liabilities				
Financial liabilities at fair value through profit or loss - current	196,895	196,895	-	-
<u>Derivative financial instruments</u>				
Assets				
Financial assets at fair value through profit or loss - current	2,767,993	2,762,533	5,460	-
Liabilities				
Financial liabilities at fair value through profit or loss - current	368,699	342,601	26,098	-

(C) The following table is the movement of financial assets at Level 3:

Three months ended March 31, 2020

		Valuation amount		Increased		Decreased		
	January 1	Recorded in profit or loss	Recorded in other comprehensive income (loss)	Acquired/ Issued	Transfers into level 3	Sold/ Settled	Transfers out from level 3	March 31
Financial assets at fair value through profit or loss - current								
Unlisted stocks	$ 41,231	($ 15,967)	$ -	$ -	$ -	$ -	$ -	$ 25,264
Financial assets at fair value through profit or loss - noncurrent								
Equity investments	21,180	(1,297)	-	-	-	-	-	19,883
Financial assets at fair value through other comprehensive income - noncurrent								
Unlisted stocks	591,596	-	15,600	-	-	-	-	607,196

Year ended December 31, 2019

		Valuation amount		Increased		Decreased		
	January 1	Recorded in profit or loss	Recorded in other comprehensive income (loss)	Acquired/ Issued	Transfers into level 3	Sold/ Settled	Transfers out from level 3	December 31
Financial assets at fair value through profit or loss- current								
Unlisted stocks	$ 16,974	($ 3,768)	$ -	$ 28,025	$ -	$ -	$ -	$ 41,231
Financial assets at fair value through profit or loss - noncurrent								
Equity investments	16,445	4,735	-	-	-	-	-	21,180
Financial assets at fair value through other comprehensive income - noncurrent								
Unlisted stocks	604,579	-	(12,983)	-	-	-	-	591,596

Three months ended March 31, 2019

		Valuation amount		Increased		Decreased		
	January 1	Recorded in profit or loss	Recorded in other comprehensive income (loss)	Acquired/ Issued	Transfers into level 3	Sold/ Settled	Transfers out from level 3	March 31
Financial assets at fair value through profit or loss- current								
Unlisted stocks	$ 16,974	$ 1,652	$ -	$ -	$ -	$ -	$ -	$ 18,626
Financial assets at fair value through profit or loss - noncurrent								
Equity investments	16,445	2,538	-	-	-	-	-	18,983
Financial assets at fair value through other comprehensive income - noncurrent								
Unlisted stocks	604,579	-	70,745	-	-	-	-	675,324

(D) 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:

March 31, 2020	Fair value	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Financial assets at fair value through profit or loss - current					
Unlisted stocks	$ 25,264	Market approach	Price to earnings ratio multiple	13.30~17.63	The higher the multiple, the higher fair value
			Discount for lack of marketability	25%	The higher the discount for lack of marketability, the lower the fair value
Financial assets at fair value through profit or loss - noncurrent					
Equity investments	19,883	Net asset value	Not applicable	Not applicable	Not applicable
Financial assets at fair value through other comprehensive income - noncurrent					
Unlisted stocks	607,196	Market approach	Price to earnings ratio multiple	1.32~1.79	The higher the multiple, the higher fair value
			Discount for lack of marketability	7.69%~9.55%	The higher the discount for lack of marketability, the lower the fair value

December 31, 2019	Fair value	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Financial assets at fair value through profit or loss - current					
Unlisted stocks	$ 41,231	Market approach	Price to earnings ratio multiple	18.19~21.63	The higher the multiple, the higher fair value
			Discount for lack of marketability	25%	The higher the discount for lack of marketability, the lower the fair value
Financial assets at fair value through profit or loss - noncurrent					
Equity investments	21,180	Net asset value	Not applicable	Not applicable	Not applicable
Financial assets at fair value through other comprehensive income - noncurrent					
Unlisted stocks	591,596	Market approach	Price to earnings ratio multiple	1.32~1.76	The higher the multiple, the higher fair value
			Discount for lack of marketability	7.93%~9.75%	The higher the discount for lack of marketability, the lower the fair value

March 31, 2019	Fair value	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Financial assets at fair value through profit or loss - current					
Unlisted stocks	$ 18,626	Market approach	Price to earnings ratio multiple	23.96	The higher the multiple, the higher fair value
			Discount for lack of marketability	25%	The higher the discount for lack of marketability, the lower the fair value
Financial assets at fair value through profit or loss - noncurrent					
Equity investments	18,983	Net asset value	Not applicable	Not applicable	Not applicable
Financial assets at fair value through other comprehensive income - noncurrent					
Unlisted stocks	675,324	Market approach	Price to earnings ratio multiple	1.97~2.11	Lack of marketability
			Discount for lack of marketability	30%	The higher the discount, the lower the fair value

(E)Valuation process for fair value at Level 3

The parent company's risk management department is responsible for the verification of fair value categorized in Level 3. The department assesses the independence, reliability, consistency and representativeness of the source information, regularly verifies the valuation models and calibrates the parameters to ensure the valuation process and results are in compliance with IFRSs.

(F) For the fair value measurement of Level 3, the sensitivity analysis of the fair value to the reasonable alternative hypothesis shows that the fair value measurement of the financial assets by the Group is reasonable. However, use of different valuation models or assumptions may result in different measurement. The following is the impact to profit or loss or to other comprehensive income from financial assets and liabilities categorized within Level 3 if the inputs used in valuation models have changed up or down by 1%:

March 31, 2020	Recognised in profit or loss		Recognised in other comprehensive income	
	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets at fair value through profit or loss - current				
Unlisted stocks	$ 253	($ 253)	$ -	$ -
Financial assets at fair value through profit or loss - noncurrent				
Venture capital shares	Not applicable	Not applicable	-	-
Financial assets at fair value through other comprehensive income - noncurrent				
Unlisted stocks	-	-	6,072	(6,072)

December 31, 2019	Recognised in profit or loss		Recognised in other comprehensive	
	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets at fair value through profit or loss - current				
Unlisted stocks	$ 412	($ 412)	$ -	$ -
Financial assets at fair value through profit or loss - noncurrent				
Venture capital shares	Not applicable	Not applicable	-	-
Financial assets at fair value through other comprehensive income - noncurrent				
Unlisted stocks	-	-	5,916	(5,916)

March 31, 2019	Recognised in profit or loss		Recognised in other comprehensive	
	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets at fair value through profit or loss - current				
Unlisted stocks	$ 186	($ 186)	$ -	$ -
Financial assets at fair value through profit or loss - noncurrent				
Venture capital shares	Not applicable	Not applicable	-	-
Financial assets at fair value through other comprehensive income - noncurrent				
Unlisted stocks	-	-	6,753	(6,753)

6) Capital management

A. Objective of capital management

(A) The represented capital adequacy ratio basically shall not be lower than 200% in compliance with the warning standard addressed in the “Rules Governing Securities Firms”.

(B) The Group includes all risks involved in the investment position as a part of risk management, such as market risk, credit risk, liquidity risk, operating risk, legal risk, and model risk and so on. Each risk management responsive unit should identify, evaluate, monitor and control various risks in order to enable the Group to defend impact from financial market, reflect the current operating strategies and make the investment portfolio applied to business planning and development.

B. Capital management policy and procedure

In order to secure the long-term and stable development of various businesses and effectively assume risks, the Group manages capital based on the business development, related regulations and financial market environment. Major capital evaluation processes include:

(A) Each segment should provide accurate and valid source of information to maintain calculation accuracy of capital adequacy ratio.

(B) After the reporting at the 10th of each month, capital adequacy ratio should be computed by the end of every month. If the result is close to the legal standard, every unit will be called to attend a meeting for discussion and strategic planning to ensure that the basic objective of capital adequacy ratio is not less than 200%.

(C) Both the risk limits and economic capital of the Group should be agreed by the Board of Directors. The Group should quarterly report details of risk control with disclosure of investment condition in order to assess whether the risk position exceeds the limit and whether the investment direction is in line with the market trend. Within the authorized risk limits, the Group is actively engaged in development of various businesses and continually increases profit, creates company value, and complies with the capital management objective.

The Group calculates and reports the capital adequacy ratio according to "Rules Governing Securities Firms". As of March 31, 2020, December 31, 2019 and March 31, 2019, the capital adequacy ratios were 538%, 378% and 351%, respectively, as required by the regulations.

7) Assets and liabilities of trust accounts

Pursuant to Article 17 of Enforcement Rules of the Trust Enterprise Act, balance sheet, income statement, and property list of trust accounts shall be disclosed in the consolidated financial statements on a semiannual basis.

(Blank below)

8) Status of the company in the limitations on financial ratios imposed by futures trading act, and the related implementation

The table below is prepared according to "Regulations Governing Futures Commission Merchants".

Article	Calculation formula	March 31, 2020		March 31, 2019		Standard	Enforcement
		Calculation	Ratio	Calculation	Ratio		
17	Stockholders' equity / (Total liability－futures trader's equity)	3,431,045 / 113,279	30.29	3,381,882 / 132,797	25.47	≧1	Met the requirement
17	Current assets / Current liabilities	4,759,099 / 113,279	42.01	4,062,373 / 132,797	30.59	≧1	Met the requirement
22	Stockholders' equity / Minimum paid-in capital	3,431,045 / 400,000	857.76%	3,381,882 / 400,000	845.47%	≧60% ≧40%	Met the requirement
22	Adjusted net capital / Total amount of customer margins required for the open positions of futures traders	3,173,836 / 190,626	1664.95%	3,129,852 / 429,303	729.05%	≧20% ≧15%	Met the requirement

9) <u>Status of the subsidiary in the limitations on financial ratios imposed by the futures trading act and the related implementation</u>

The table below is prepared according to “Regulations Governing Futures Commission Merchants”.

Article	Calculation formula	March 31, 2020		March 31, 2019		Standard	Enforcement
		Calculation	Ratio	Calculation	Ratio		
17	Stockholders’ equity / (Total liability－futures trader’s equity)	2,100,315 / 246,785	8.51	2,100,985 / 172,939	12.15	≧1	Met the requirement
17	Current assets / Current liabilities	22,581,048 / 21,374,691	1.06	13,888,136 / 12,747,308	1.09	≧1	Met the requirement
22	Stockholders’ equity / Minimum paid-in capital	2,100,315 / 645,000	325.63%	2,100,985 / 645,000	325.73%	≧60% ≧40%	Met the requirement
22	Adjusted net capital / Total amount of customer margins required	1,714,041 / 3,130,252	54.76%	1,710,724 / 1,934,340	88.44%	≧20% ≧15%	Met the requirement

10) Prospective risk for futures trading

The main risk for futures merchants engaging in futures trading is credit risk, which could happen if the margin call cannot be made when it should have been made. While being consigned to conduct the futures trading, the Group pays attention to the individual margin account on a daily basis and request additional margin call or reduction in trading volume when necessary according to the condition of individual customer transactions in order to control the credit risk accordingly. The main risk faced by the Group while engaging in self-operating businesses is market price risk- that is risk of changes in market prices of futures or options contracts as a result of fluctuation in underlying investment index. Losses may occur if the market index price and underlying investment move adversely. However, the Group has set up stop-loss point to control such risk for reasons of risk management.

(Blank below)

13. OTHER DISCLOSURE ITEMS

1) Information about significant transactions

A. Lending to others: Excluding security margin trading and conditional bond trading business, there is no lending of funds to either the shareholders or other parties.

B. Endorsements and guarantees for others：None.

C. Acquisitions of real estate exceeding $300,000 or 20 percent of contributed capital：None.

D. Disposals of real estate exceeding $300,000 or 20 percent of contributed capital：None.

E. Purchases or sales transactions discount on brokers' charges with related parties in excess of $5,000：None.

F. Receivables from related parties exceeding $100,000 or 20 percent of contributed capital：None.

G. Significant transactions between parent company and subsidiaries

No.(Note1)	Company	Counterparty	Relationship (Note 2)	Details of transactions			
				Account	Amount	Conditions	Percentage (%) of total consolidated net revenues or assets (Note 3)
0	President Securities Corp.	President Futures Corp.	1	Futures Margin - Own Funds	$ 2,536,995	Note 4	3.10%
0	President Securities Corp.	President Futures Corp.	1	Deposit-out	34,000	Note 4	0.04%
0	President Securities Corp.	President Futures Corp.	1	Accounts receivable	5,777	Note 4	0.01%
0	President Securities Corp.	President Futures Corp.	1	Deposit-in	16,000	Note 4	0.02%
0	President Securities Corp.	President Futures Corp.	1	Other payables	1,996	Note 4	0.00%
0	President Securities Corp.	President Futures Corp.	1	Future commission revenue	11,477	Note 4	2.84%
0	President Securities Corp.	President Futures Corp.	1	Expense of clearing and settlement	4,942	Note 4	1.22%
0	President Securities Corp.	President Capital Management Corp.	1	Expense from investment advisory	12,600	Note 4	3.12%
0	President Securities Corp.	President Insurance Agency Corp.	1	Other receivables	8,363	Note 4	0.01%

Note 1：The numbers in the No. column are represented as follows:

1. The number zero is for parent company.
2. According to the sequential order, subsidiaries are numbered from 1.

Note 2：There are three kinds of transactions between related parties and numbered from 1 to 3 were shown as follows (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.)

1. Parent company to subsidiaries.
2. Subsidiaries to parent company.
3. Subsidiaries to subsidiaries.

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：All the prices of the service revenues and consulting service provided between related parties were traded by contracts.

Note 5：Based on materiality, only the amounts of the transactions that were above $1 million would be shown in the table.

2) Related information of investee companies

A. Related information of investee companies

						Original investment		Ending Balance							
Name of the investor	Name of the investee company	Location	Date of registration	Reference number and the date of approval letter issued by FSC	Major operating activities	Balance on March 31, 2020	Balance on December 31, 2019	Shares	Percentage	Book vlaue	Revenue of investee company	Net income (loss) of investee company	Investment income (loss) recognised by the Company	Cash dividends	Notes
President Securities Corp.	President Futures Corp.	Taipei	1994.03.01	1994.03.01 Jing-Tou-Shen (83) Gong-Shang Letter No.1114 (Note 1)	Futures brokerage	$ 644,650	$ 644,650	63,817,303	96.69%	$ 2,030,864	$ 348,610	$ 100,132	$ 96,832	$ -	Subsidiary of the Company
	President Capital Management Corp.	Taipei	1997.04.15	1997.02.25 (86) Tai-Cai-Zheng (4) Letter No.17769	Securities investment consulting	326,000	326,000	30,000,000	100.00%	319,483	15,477	(2,736)	(2,725)	-	Subsidiary of the Company
	President Securities (HK) Ltd.	Hong Kong	1994.07.26	1993.11.4 (82) Tai-Cai-Zheng (2) Letter No.40913	Securities dealer, brokerage, underwriting and consulting	34,030	34,030	10,000,000	5.19%	73,017	18,072	(16,213)	(842)	-	Subsidiary of the Company

Note1：As FSC was established in July, 2004, President Futures Corp. was apporved by the Investment Commission, Ministry of Economic Affairs.

Name of the investor	Name of the investee company	Location	Date of registration	Reference number and the date of approval letter issued by FSC	Major operating activities	Original investment: Balance on March 31, 2020	Original investment: Balance on December 31, 2019	Ending Balance: Shares	Ending Balance: Percentage	Ending Balance: Book vlaue	Revenue of investee company	Net income (loss) of investee company	Investment income (loss) recognised by the Company	Cash dividends	Notes
President Securities Corp.	President Securities (BVI) Ltd.	British Virgin Islands	1998.02.26	1997.10.27 (86) Tai-Cai-Zheng (2) Letter No.04840	Securities investment and holding company	2,264,573	2,264,573	67,746,000	100.00%	2,315,697	-	(11,119)	(11,119)	-	Subsidiary of the Company
	Uni-President Asset Management Corp.	Taipei	2000.08.18	2000.07.19 (89) Tai-Cai-Zheng (2) Letter No.56407	Investment Trust	667,622	667,622	14,904,630	42.46%	606,631	209,381	64,231	27,275	-	Associates
	President Insurance Agency Corp.	Taipei	2008.04.29	(Note2)	Insurance Agent	10,000	10,000	1,000,000	100.00%	23,629	13,481	3,431	3,431	8,363	Subsidiary of the Company
	PSC Venture Capital Investment Limited Company	Taipei	2013.10.29	2013.08.08 Jing-Guan-Zheng-Chuan Letter No.1020028529	Consultation of investment management and venture capital; other unprohibited or unrestricted businesses beyond the permit	300,000	300,000	30,000,000	100.00%	219,896	(810)	(28,654)	(28,653)	-	Subsidiary of the Company
President Insurance Agency Corp.	Uni-President Asset Management Corp.	Taipei	2000.08.18	2000.07.19 (89) Tai-Cai-Zheng (2) Letter No.56407	Investment Trust	478	478	12,000	0.03%	493	209,381	64,231	22	-	Associates
President Securities (BVI) Ltd.	President Securities (HK) Ltd.	Hong Kong	1994.07.26	1993.11.4 (82) Tai-Cai-Zheng (2) Letter No.40913	Securities dealer, brokerage, underwriting and consulting	814,705	814,705	182,600,000	94.81%	1,333,848	18,072	(16,213)	(15,372)	-	Subsidiary of the Company
	President Wealth Management (HK) Ltd.	Hong Kong	2002.03.31	2001.12.11 (90) Tai-Cai-Zheng (2) Letter No.166728	Wealth management	92,091	92,091	23,400,000	100.00%	59,267	-	204	204	-	Indirect subsidiary of the Company
	President Securities (Nominee) Ltd.	Hong Kong	1999.08.06	1997.10.27 (86) Tai-Cai-Zheng (2) Letter No.04840	Nominee Service	3,403	3,403	1,000,000	100.00%	1,838	-	(11)	(11)	-	Indirect subsidiary of the Company

Note2：When securities corporations invest in domestic business within FSC's limitation, there is no need to obtain the approval from FSC in advance, according to Tai-Cai-Zheng (2) Letter No.0930000005. Therefore, there was no reference numbers for President Insurance A

B. Lending to others: Excluding security margin trading and conditional bond trading business, there is no lending of funds to either the shareholders or other parties.

C. Endorsements and guarantees for others：None.

D. Acquisitions of real estate exceeding $300 million or 20 percent of contributed capital：None.

E. Disposals of real estate exceeding $300 million or 20 percent of contributed capital：None.

F. Purchases or sales transactions discount on brokers’ charges with related parties in excess of $5,000,000：None.

G. Receivables from related parties exceeding $100 million or 20 percent of contributed capital：None.

3) Information of overseas branches and representative office

Overseas branches and representative office	Nationality	Date of registration	Reference number and the date of approval letter given by Securities and Futures Bureau of FSC	Main business activities	Operating income	(Loss) profit before tax (Note 1)	Assignment of working capital				Material transaction account with head office	Note
							Balance on January 1, 2019	Increase of working capital	Deduction of working capital	Balance on September 30, 2019		
Representative office of President Securities Corp. in Xiamen	Xiamen	2008.08.22	2008.01.21 Jing-Guan-Zheng-Chuan Letter No.0960073542	Non-operating activities of securities business consultation, contact, and market survey	-	($ 1,371)	-	-	-	-	-	-

Note 1: Operating expenses generated by the representative office.

4) Disclosure of investment in Mainland China：Not applicable

5) Major shareholders information

Major Shareholder	Number of shares held (thousands)	Shareholding ratio
Uni-President Enterprises Corp.	393,587	28.67%

Note 1: The main shareholder information in this table is calculated by the insurance company on the last business day at the end of each quarter. More than five materials.As for the capital stock recorded in the securities firm’s financial report and the number of shares actually delivered by the securities firm without physical registration, the calculation basis may be different or different.

Note 2: If the information on the opening is a shareholder who transfers the shares to the trust, it will be disclosed by the individual trustee who opened the trust account. As for the shareholders' handling of insider shareholdings with a shareholding of more than 10% in accordance with the Securities Exchange Act,Its shareholding includes the shares held by me plus its delivery to the trust and the shares that have the right to make decisions on the trust property. Please refer to the public information observatory for information on insider equity declaration.

14. SEGMENTS INFORMATION

1) General information

Financial information by the Group's segments is disclosed in accordance with IFRS 8. Management has determined the reportable operating segments based on the reports reviewed by the Chief Operating Decision-Maker (CODM) that are used to make strategic decisions. The Group's operating segments are classified into Brokerage, Quantitative Trading, Proprietary Trading, Fixed Income and Reinvestment according to the sources of income. The remaining operating results which have not reached the threshold requirements are consolidated in 'other operating segments'. Sources of income from products and services rendered by each segment are as follows:

A. Brokerage segment: consigned trading of the listed securities, margin trading and short sale, assistance in futures trading and other instruments trading as approved by the regulations.

B. Quantitative Trading segment: trading of domestic/overseas futures and options, ETF arbitrage, market maker, liquidity provider, hedging, spot/futures arbitrage as approved by Law.

C. Proprietary Trading segment: using the self-owned equity to conduct securities trading such as stocks and bonds trading, and futures and options hedging in Stock Exchange and OTC.

D. Fixed Income segment: bonds segment is engaged in central government bonds, ordinary corporate bonds, convertible corporate bonds, and bills and bonds under repurchase or resale agreements transactions in OTC.

E. Reinvestment segment: companies reinvested by the consolidated entities.

F. Other operating segments include Capital Market segment, Financial Product segment, and Shareholder Services segment.

2) Segments information

The accounting policies applied to the Group's operating segments and summary of accounting policies disclosed in the notes to the financial statements are consistent and identical. The operating gains and losses are measured by the amount before tax and used as basis for performance appraisal. Income and expense attributable to each operating segment are attributed to the segmental gains and losses. Non-attributable indirect expenses and expenses from logistic support segment are amortized to each operating segment based on reasonable calculation standards and the expense nature. Those that cannot be reasonably amortized are listed under "Others".

3) Profit or loss of segments information

	Three months ended March 31, 2020							
	Brokerage segment	Quantitative Trading segment	Proprietary Trading segment	Fixed income segment	Reinvestment segment	Other operating segments	Others	Total
Segment revenues	$ 645,796	$ 494,034	($ 879,095)	$ 40,752	$ 365,129	($ 131,849)	($ 130,418)	$ 404,349
Segment profit or loss	$ 138,796	$ 305,308	($ 1,039,900)	($ 117,032)	$ 69,037	($ 269,530)	($ 17,948)	($ 931,269)

	Three months ended March 31, 2019							
	Brokerage segment	Quantitative Trading segment	Proprietary Trading segment	Fixed income segment	Reinvestment segment	Other operating segments	Others	Total
Segment revenues	$ 443,927	$ 182,335	$ 571,918	$ 555,056	$ 228,633	$ 143,646	($ 16,222)	$ 2,109,293
Segment profit or loss	$ 11,166	$ 34,988	$ 480,690	$ 424,767	$ 59,469	$ 70,999	($ 115,992)	$ 966,087

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 Company 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.