

**PRESIDENT SECURITIES CORPORATION AND  
SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS AND  
REVIEW REPORT OF INDEPENDENT  
ACCOUNTANTS  
SEPTEMBER 30, 2020 AND 2019**

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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

PWCR 20001910

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 September 30, 2020 and 2019, and the related consolidated statements of comprehensive income for the three months and nine months then ended, as well as the consolidated statements of changes in equity and of cash flows for the nine 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 No. 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(11), the financial statements of certain insignificant consolidated subsidiaries and investments accounted for under the equity method were not reviewed by independent accountants. Those statements reflect total assets of \$7,809,669 thousand and \$4,058,149 thousand, constituting 7.08% and 4.37% of the consolidated total assets, and total liabilities of \$5,777,439 thousand and \$1,179,893 thousand, constituting 6.99% and 1.77% of the consolidated total liabilities as at September 30, 2020 and 2019, and total comprehensive (loss) income of \$18,175 thousand, (\$3,741) thousand, (\$15,264) thousand and \$1,296 thousand, constituting 1.26%, (0.63)%, (0.66)% and 0.07% of the consolidated total comprehensive income for the three months and nine months then ended. The balance of such investments accounted for under the equity method as at September 30, 2020 and 2019 were \$582,175 thousand and \$569,463 thousand, respectively; President Securities Corporation and subsidiaries’ share of comprehensive

income of associates and joint ventures accounted for under the equity method, including share of profit or loss of associates and joint ventures accounted for under the equity method and share of other comprehensive income of associates and joint ventures accounted for under the equity method for the three months and nine months ended were \$53,318 thousand, \$29,493 thousand, \$97,865 thousand and \$93,476 thousand, constituting 3.71%, 4.95%, 4.24% and 4.89% 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 the 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 September 30, 2020 and 2019, and of its consolidated financial performance for the three months and nine months then ended, as well as its consolidated cash flows for the nine 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 No. 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

November 10, 2020

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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**  
**SEPTEMBER 30, 2020, DECEMBER 31, 2019 AND SEPTEMBER 30, 2019**  
(Expressed in thousands of New Taiwan dollars)  
(The consolidated balance sheets as at September 30, 2020 and 2019 are reviewed, not audited)

			September 30, 2020		December 31, 2019		September 30, 2019	
Assets		Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%
110000	<b>Current assets</b>							
111100	Cash and cash equivalents	6(1)	\$ 4,857,574	5	\$ 6,520,146	7	\$ 6,519,301	7
112000	Financial assets at fair value	6(2)						
	through profit or loss - current		37,551,259	34	44,512,465	46	39,923,430	43
113200	Financial assets at fair value	6(3)						
	through other comprehensive							
	income - current		3,286,942	3	-	-	307,235	-
114030	Margin loans receivable	6(4)	9,416,086	9	10,024,189	10	8,690,776	10
114040	Refinancing security deposits		111,912	-	102,545	-	57,516	-
114050	Receivables from refinance							
	guaranty		92,797	-	88,759	-	57,959	-
114060	Receivable of securities							
	business money lending		972,135	1	517,809	1	321,767	-
114070	Customer margin account	6(5)	22,189,619	20	13,735,712	14	12,936,395	14
114090	Receivables from security							
	lending		320,291	-	101,043	-	65,835	-
114100	Security lending deposits		1,085,585	1	543,171	1	530,134	1
114110	Notes receivable		1,108	-	697	-	737	-
114130	Accounts receivable	6(6)	16,738,756	15	12,184,588	13	16,054,732	17
114150	Prepayments		28,683	-	22,557	-	21,116	-
114170	Other receivables	6(7)	32,550	-	105,548	-	89,521	-
114600	Current tax assets		1,390	-	1,048	-	5,873	-
119000	Other current assets	6(8)	5,452,385	5	1,621,697	2	1,422,059	2
110000	<b>Total current assets</b>		102,139,072	93	90,081,974	94	87,004,386	94
120000	<b>Non-current assets</b>							
122000	Financial assets at fair value	6(2)						
	through profit or loss - non-							
	current		66,750	-	71,296	-	67,219	-
123200	Financial assets at fair value	6(3)						
	through other comprehensive							
	income - non-current		667,665	1	591,596	1	782,971	1
124100	Investments accounted for	6(11)						
	under the equity method		3,051,985	3	578,853	1	569,463	1
125000	Property and equipment, net	6(12)	2,459,143	2	2,443,964	3	2,422,652	3
125800	Right-of-use assets	6(13)	221,313	-	221,669	-	250,616	-
126000	Investment property	6(15)	271,028	-	272,603	-	273,128	-
127000	Intangible assets	6(16)	140,384	-	129,160	-	132,327	-
128000	Deferred tax assets	6(46)	123,415	-	135,265	-	124,414	-
129000	Other assets - non-current	6(17)	1,227,214	1	1,228,020	1	1,292,264	1
120000	<b>Total non-current assets</b>		8,228,897	7	5,672,426	6	5,915,054	6
906001	<b>Total Assets</b>		\$ 110,367,969	100	\$ 95,754,400	100	\$ 92,919,440	100

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**PRESIDENT SECURITIES CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**SEPTEMBER 30, 2020, DECEMBER 31, 2019 AND SEPTEMBER 30, 2019**  
(Expressed in thousands of New Taiwan dollars)

(The consolidated balance sheets as at September 30, 2020 and 2019 are reviewed, not audited)

Liabilities and Equity	Notes	September 30, 2020		December 31, 2019		September 30, 2019	
		AMOUNT	%	AMOUNT	%	AMOUNT	%
210000 <b>Current liabilities</b>							
211100 Short-term loans	6(18)	\$ 5,864,412	5	\$ 2,964,959	3	\$ 2,652,148	3
211200 Commercial papers payable	6(19)	6,299,061	6	9,596,704	10	5,998,813	6
212000 Financial liabilities at fair value through profit or loss - current	6(20)	1,880,872	2	848,628	1	639,765	1
214010 Bonds sold under repurchase agreements	6(21)	21,038,653	19	20,956,256	22	21,663,802	23
214040 Deposits on short sales		1,195,317	1	1,558,717	2	1,436,227	2
214050 Short sale proceeds payable		1,566,414	2	1,888,832	2	1,730,162	2
214070 Guarantee deposit received on borrowed securities		463,419	-	56,004	-	30,051	-
214080 Futures traders' equity	6(5)	22,166,922	20	13,713,667	14	12,901,104	14
214090 Equity for each customer in the account		7,399	-	633	-	-	-
214130 Accounts payable	6(22)	12,094,975	11	12,456,602	13	14,085,929	15
214150 Advance receipts		4,248	-	2,373	-	2,394	-
214160 Collections on behalf of third parties		3,984,319	4	378,293	-	537,096	1
214170 Other payables	6(23)	1,492,943	1	1,347,681	2	981,949	1
214200 Other financial liabilities - current	6(24)	4,036,940	4	2,743,866	3	3,306,809	4
214600 Current tax liability		243,659	-	203,745	-	159,828	-
216000 Current lease liabilities		88,741	-	82,407	-	90,925	-
219000 Other current liabilities		87,836	-	21,893	-	74,349	-
210000 <b>Total current liabilities</b>		<u>82,516,130</u>	<u>75</u>	<u>68,821,260</u>	<u>72</u>	<u>66,291,351</u>	<u>72</u>
220000 <b>Non-current liabilities</b>							
225100 Non-current provisions		8,609	-	4,180	-	4,172	-
226000 Non-current lease liabilities		124,232	-	134,780	-	152,193	-
228000 Deferred tax liabilities	6(46)	5,250	-	12,894	-	25,907	-
229000 Other liabilities-non-current	6(25)	14,155	-	15,514	-	18,543	-
220000 <b>Total non-current liabilities</b>		<u>152,246</u>	<u>-</u>	<u>167,368</u>	<u>-</u>	<u>200,815</u>	<u>-</u>
906003 <b>Total Liabilities</b>		<u>82,668,376</u>	<u>75</u>	<u>68,988,628</u>	<u>72</u>	<u>66,492,166</u>	<u>72</u>
300000 <b>Equity attributable to owners of the parent company</b>							
301000 <b>Capital</b>							
301010 Common stock	6(27)	13,998,378	12	13,723,900	14	13,723,900	15
302000 <b>Capital reserve</b>	6(27)	91,261	-	91,261	-	91,261	-
304000 <b>Retained earnings</b>	6(28)						
304010 Legal reserve		3,111,013	3	2,876,769	3	2,876,769	3
304020 Special reserve		7,600,316	7	7,130,830	7	7,130,830	7
304040 Unappropriated earnings		1,916,293	2	2,355,105	3	1,691,353	2
305000 Other equity interest		911,966	1	521,815	1	842,755	1
300000 <b>Total</b>		<u>27,629,227</u>	<u>25</u>	<u>26,699,680</u>	<u>28</u>	<u>26,356,868</u>	<u>28</u>
306000 <b>Non-controlling interests</b>		<u>70,366</u>	<u>-</u>	<u>66,092</u>	<u>-</u>	<u>70,406</u>	<u>-</u>
906004 <b>Total Equity</b>		<u>27,699,593</u>	<u>25</u>	<u>26,765,772</u>	<u>28</u>	<u>26,427,274</u>	<u>28</u>
906002 <b>Total liabilities and equity</b>		<u>\$ 110,367,969</u>	<u>100</u>	<u>\$ 95,754,400</u>	<u>100</u>	<u>\$ 92,919,440</u>	<u>100</u>

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

PRESIDENT SECURITIES CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019  
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)  
(Reviewed, not audited)

Items	Notes	Three months ended September 30				Nine months ended September 30			
		2020		2019		2020		2019	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
400000	<b>Revenues</b>								
401000	Brokerage handling fee revenue	6(29)							
		\$ 948,492	31	\$ 572,591	31	\$ 2,436,170	39	\$ 1,596,298	31
404000	Revenues from underwriting business	6(30)							
		42,983	1	24,046	1	57,999	1	42,882	1
406000	Gain on wealth management								
		4,450	-	8,031	1	15,984	-	15,303	-
410000	Gain on sale of operating securities	6(31)							
		1,934,498	64	683,436	37	2,090,690	34	1,815,868	36
421100	Revenue from providing agency service for stock affairs								
		20,587	1	19,704	1	59,072	1	58,016	1
421200	Interest income	6(32)							
		286,165	9	305,969	17	836,993	13	897,407	18
421300	Dividend income								
		292,585	10	237,539	13	365,742	6	286,273	6
421500	Valuation (loss) gain on operating securities at fair value through profit or loss	6(33)							
		( 563,399)	( 19)	( 339,235)	( 18)	( 434,048)	( 7)	341,559	7
421600	Gain (loss) on covering of borrowed securities and bonds with resale agreements-short sales								
		16,749	1	( 48,392)	( 3)	261,330	4	( 33,550)	( 1)
421610	Valuation gain (loss) on borrowed securities and bonds with resale agreements-short sales at fair value through profit or loss	6(35)							
		( 35,195)	( 1)	2,114	-	4,800	-	( 32,086)	( 1)
422000	Gain (loss) on issuance of ETNs								
		18,394	1	( 461)	-	18,595	-	( 660)	-
422100	Administrative and handling fee revenues from issuance of ETNs								
		1,292	-	-	-	1,295	-	-	-
422200	Gain from issuance of call (put) warrants	6(36)							
		231,763	8	15,315	1	319,649	5	115,988	2
424400	Gain (loss) from derivatives	6(37)							
		( 106,271)	( 4)	73,071	4	160,115	3	( 353,230)	( 7)
425300	Impairment gain and reversal of impairment loss	6(38)							
		499	-	( 1,391)	-	( 4,864)	-	( 1,447)	-
428000	Other operating income	6(39)							
		( 58,494)	( 2)	278,924	15	70,597	1	373,354	7
	Total revenues								
		<u>3,035,098</u>	<u>100</u>	<u>1,831,261</u>	<u>100</u>	<u>6,260,119</u>	<u>100</u>	<u>5,121,975</u>	<u>100</u>
500000	<b>Expenses</b>								
501000/									
502000/									
503000	Handling charges	6(40)							
		( 146,067)	( 5)	( 138,463)	( 8)	( 412,201)	( 7)	( 403,472)	( 8)
507000	ETNs administrative expenses								
		( 1,285)	-	-	-	( 4,405)	-	-	-
521200	Interest expenses	6(41)							
		( 49,480)	( 2)	( 140,158)	( 8)	( 237,933)	( 4)	( 411,739)	( 8)
524100	Futures commission expense								
		( 21,758)	( 1)	( 21,890)	( 1)	( 79,806)	( 1)	( 61,771)	( 1)
524300	Expense of clearing and settlement								
		( 31,552)	( 1)	( 23,813)	( 1)	( 93,057)	( 1)	( 70,699)	( 1)
528000	Other operating expenditure								
		( 20)	-	( 29)	-	( 26)	-	( 34)	-
531000	Employee benefits expense	6(42)							
		( 928,015)	( 30)	( 584,069)	( 32)	( 2,248,553)	( 36)	( 1,662,040)	( 33)
532000	Depreciation and amortization	6(43)							
		( 53,147)	( 2)	( 51,692)	( 3)	( 155,648)	( 2)	( 154,016)	( 3)
533000	Other operating expenses	6(44)							
		( 426,981)	( 14)	( 313,775)	( 17)	( 1,116,620)	( 18)	( 885,973)	( 17)
	Total expenditures and expenses								
		<u>( 1,658,305)</u>	<u>( 55)</u>	<u>( 1,273,889)</u>	<u>( 70)</u>	<u>( 4,348,249)</u>	<u>( 69)</u>	<u>( 3,649,744)</u>	<u>( 71)</u>

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PRESIDENT SECURITIES CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019  
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)  
(Reviewed, not audited)

Items	Notes	Three months ended September 30				Nine months ended September 30			
		2020		2019		2020		2019	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
<b>Operating profit</b>		\$ 1,376,793	45	\$ 557,372	30	\$ 1,911,870	31	\$ 1,472,231	29
601000 Share of the profit or loss of associates and joint ventures accounted for under the equity method	6(11)	5,577	-	27,382	1	52,184	1	79,459	1
602000 Other gains and losses	6(45)	56,465	2	82,358	5	192,457	3	290,318	6
902001 <b>Profit before tax</b>		1,438,835	47	667,112	36	2,156,511	35	1,842,008	36
701000 Income tax expense	6(46)	(156,750)	(5)	(94,757)	(5)	(245,173)	(4)	(159,133)	(3)
902005 <b>Net income</b>		\$ 1,282,085	42	\$ 572,355	31	\$ 1,911,338	31	\$ 1,682,875	33
<b>Other comprehensive income</b>									
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>									
805540 Unrealized gain from investments in equity instruments at fair value through other comprehensive income		\$ 130,540	4	\$ 30,161	2	\$ 280,368	4	\$ 178,392	3
805550 Other comprehensive gain of associates and joint ventures accounted for under the equity method		7,686	-	2,111	-	5,626	-	14,017	-
805599 Income tax benefit relating to components of other comprehensive income		(908)	-	-	-	(908)	-	-	-
<b>Items may be reclassified to profit or loss subsequently</b>									
805610 Translation gain on the financial statements of foreign operating entities		26,942	1	(10,268)	-	14,017	-	26,026	1
805615 Unrealized loss from investments in debt instruments at fair value through other comprehensive income		(7,979)	-	1,628	-	99,612	2	9,733	-
805000 Current other comprehensive income (post-tax)		\$ 156,281	5	\$ 23,632	2	\$ 398,715	6	\$ 228,168	4
902006 <b>Total current comprehensive income</b>		\$ 1,438,366	47	\$ 595,987	33	\$ 2,310,053	37	\$ 1,911,043	37
Income attributable to:									
913100 Parent company		\$ 1,280,350	42	\$ 571,333	31	\$ 1,905,130	31	\$ 1,678,685	33
913200 Non-controlling interest		\$ 1,735	-	\$ 1,022	-	\$ 6,208	-	\$ 4,190	-
Current comprehensive income attributable to:									
914100 Parent company		\$ 1,434,025	47	\$ 594,250	33	\$ 2,301,937	37	\$ 1,902,100	37
914200 Non-controlling interests		\$ 4,341	-	\$ 1,737	-	\$ 8,116	-	\$ 8,943	-
Earnings per share									
975000 Basic earnings per share (in dollars)	6(47)	\$ 0.91		\$ 0.41		\$ 1.36		\$ 1.20	
985000 Diluted earnings per share (in dollars)		\$ 0.91		\$ 0.41		\$ 1.36		\$ 1.20	

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

**PRESIDENT SECURITIES CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019**  
(Expressed in thousands of New Taiwan dollars)  
(Reviewed, not audited)

Equity attributable to owners of the parent												
	Notes	Retained earnings				Other equity interest			Treasury shares	Total	Non-controlling interests	Total equity
		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				
<u>For the nine months ended September 30, 2019</u>												
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 nine months ended September 30, 2019		-	-	-	-	1,678,685	-	-	-	1,678,685	4,190	1,682,875
Other comprehensive income for the nine months ended September 30, 2019		-	-	-	-	-	26,026	197,389	-	223,415	4,753	228,168
Total comprehensive income		-	-	-	-	1,678,685	26,026	197,389	-	1,902,100	8,943	1,911,043
Appropriations of 2018 earnings:	6(28)											
Legal reserve		-	-	121,032	-	( 121,032 )	-	-	-	-	-	-
Special reserve		-	-	-	185,377	( 185,377 )	-	-	-	-	-	-
Cash dividends		-	-	-	-	( 959,395 )	-	-	-	( 959,395 )	-	( 959,395 )
Purchase of treasury shares		-	-	-	-	-	-	-	( 231,822 )	( 231,822 )	-	( 231,822 )
Retirement of treasury share		( 180,381 )	( 51,441 )	-	-	-	-	-	231,822	-	-	-
Changes in non-contolling interests		-	-	-	-	-	-	-	-	-	( 4,999 )	( 4,999 )
Balance at September 30, 2019		\$ 13,723,900	\$ 91,261	\$ 2,876,769	\$ 7,130,830	\$ 1,691,353	\$ 45,277	\$ 797,478	\$ -	\$ 26,356,868	\$ 70,406	\$ 26,427,274
<u>For the nine months ended September 30, 2020</u>												
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 income for the nine months ended September 30, 2020		-	-	-	-	1,905,130	-	-	-	1,905,130	6,208	1,911,338
Other comprehensive income for the nine months ended September 30, 2020		-	-	-	-	-	14,017	382,790	-	396,807	1,908	398,715
Total comprehensive income		-	-	-	-	1,905,130	14,017	382,790	-	2,301,937	8,116	2,310,053
Appropriations of 2019 earnings:	6(28)											
Legal reserve		-	-	234,244	-	( 234,244 )	-	-	-	-	-	-
Special reserve		-	-	-	469,486	( 469,486 )	-	-	-	-	-	-
Cash dividends		-	-	-	-	( 1,372,390 )	-	-	-	( 1,372,390 )	-	( 1,372,390 )
Stock dividends		274,478	-	-	-	( 274,478 )	-	-	-	-	-	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income		-	-	-	-	6,656	-	( 6,656 )	-	-	-	-
Changes in non-controlling interests		-	-	-	-	-	-	-	-	-	( 3,842 )	( 3,842 )
Balance at September 30, 2020		\$ 13,998,378	\$ 91,261	\$ 3,111,013	\$ 7,600,316	\$ 1,916,293	( \$ 44,199 )	\$ 956,165	\$ -	\$ 27,629,227	\$ 70,366	\$ 27,699,593

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



PRESIDENT SECURITIES CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019  
(Expressed in thousands of New Taiwan dollars)  
(Reviewed, not audited)

		Nine months ended September 30	
	Notes	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 2,156,511	\$ 1,842,008
Adjustments			
Income and expenses having no effect on cash flows			
Depreciation	6(43)	135,141	136,087
Amortization	6(43)	20,507	17,929
Impairment gain and reversal of impairment loss	6(38)	4,898	2,109
Loss (gain) on valuation of trading securities	6(2)(33)	434,048	( 341,559 )
(Gain) loss on valuation of borrowed securities and bonds with resale agreements	6(35)	( 4,800 )	32,086
Financial expense	6(41)	237,933	411,739
Interest income (include financial income)	6(32)(45)	( 959,019 )	( 1,038,962 )
Dividend income		( 387,739 )	( 312,538 )
Share of the profit of associates and joint ventures accounted for under the equity method	6(11)	( 52,184 )	( 79,459 )
Loss on disposal of property and equipment	6(12)	142	1
Gain on valuation of non-operating financial instruments	6(45)	( 5,996 )	( 2,599 )
Loss from lease modification		-	30
Changes in assets/liabilities relating to operating activities			
Changes in operating assets			
Financial assets at fair value through profit or loss		6,525,959	( 11,911,827 )
Financial assets at fair value through other comprehensive income - current		( 2,984,398 )	-
Bonds purchased under resale agreements		-	93,193
Margin loans receivable		606,674	( 684,528 )
Refinancing security deposits		( 9,367 )	( 53,114 )
Receivables from refinance guaranty		( 4,038 )	( 49,572 )
Receivable of securities business money lending		( 454,326 )	( 321,767 )
Customer margin account		( 8,453,907 )	( 1,345,093 )
Receivables from security lending		( 219,248 )	( 12,481 )
Security lending deposits		( 542,414 )	( 255,297 )
Notes receivable		( 411 )	( 448 )
Accounts receivable		( 4,993,349 )	( 7,322,033 )
Prepayments		( 6,126 )	( 4,631 )
Other receivables		( 64,232 )	( 60,866 )
Other current assets		( 3,830,688 )	( 218,164 )
Net changes in liabilities relating to operating activities			
Bonds sold under repurchase agreements		82,397	6,597,203
Financial liabilities at fair value through profit or loss - current		1,037,044	( 258,418 )
Deposits on short sales		( 363,400 )	( 331,042 )
Short sale proceeds payable		( 322,418 )	( 277,040 )
Guarantee deposit received on borrowed securities		407,415	29,430
Futures traders' equity		8,453,255	1,326,470
Equity for each customer in the account		6,766	-
Accounts payable		49,331	5,790,583
Advance receipts		1,875	1,419
Collections on behalf of third parties		3,606,026	174,518
Other payables		144,934	61,756
Other financial liabilities - current		1,293,074	619,800
Other current liabilities		65,943	53,068

(Continued)

PRESIDENT SECURITIES CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019  
(Expressed in thousands of New Taiwan dollars)  
(Reviewed, not audited)

	Notes	Nine months ended September 30	
		2020	2019
Cash inflow (outflow) generated from operations		\$ 1,740,277	( \$ 6,719,229 )
Interest received		1,030,498	1,082,132
Dividends received		475,068	388,865
Income tax paid		( 202,303 )	( 125,497 )
Net cash flows from (used in) operating activities		<u>3,043,540</u>	<u>( 5,373,729 )</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of property and equipment	6(12)	( 27,142 )	( 27,325 )
Proceeds from disposal of property and equipment		177	24
Acquisition of intangible assets	6(16)	( 7,640 )	( 12,345 )
Increase in other non-current assets		( 9,805 )	( 22,416 )
Increase in prepayment for equipment		( 62,955 )	( 32,488 )
Acquisition of investments accounted for under the equity method		( 2,481,388 )	-
Proceeds from disposal of intangible assets		<u>31</u>	<u>-</u>
Net cash flows used in investing activities		<u>( 2,588,722 )</u>	<u>( 94,550 )</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term loans		2,899,452	1,712,269
(decrease) increase in commercial papers payable		( 3,300,000 )	6,000,000
Payments of lease liabilities		( 71,934 )	( 81,183 )
(decrease) increase in other non-current liabilities		( 1,358 )	2,678
Distribution of cash dividends		( 1,372,390 )	( 959,395 )
Acquisition of treasury stocks	6(27)	-	( 231,822 )
Interest paid		( 252,846 )	( 405,497 )
Changes in non-controlling interest		( 3,842 )	( 4,999 )
Net cash flows (used in) from financing activities		<u>( 2,102,918 )</u>	<u>6,032,051</u>
Effect of exchange rate changes		<u>( 14,472 )</u>	<u>22,860</u>
Net (decrease) increase in cash and cash equivalents		( 1,662,572 )	586,632
Cash and cash equivalents at beginning of period		<u>6,520,146</u>	<u>5,932,669</u>
Cash and cash equivalents at end of period		<u>\$ 4,857,574</u>	<u>\$ 6,519,301</u>

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

PRESIDENT SECURITIES CORPORATION AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020 AND 2019

(Expressed in thousands of New Taiwan dollars)

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 September 30, 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 1,711 and 1,715 as of September 30, 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 November 10, 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
Amendments to IAS 1 and IAS 8, 'Disclosure initiative-definition of material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7, 'Interest rate benchmark reform'	January 1, 2020
Amendment to IFRS 16, 'Covid-19-related rent concessions'	June 1, 2020 (Note)

Note : Earlier application from January 1, 2020 is allowed by FSC.

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

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

New standards, interpretations and amendments endorsed by FSC effective from 2021 are as follows:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Amendments to IFRS 4, 'Extension of the temporary exemption from applying IFRS 9'	January 1, 2021

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

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
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, 'Interest Rate Benchmark Reform— Phase 2'	January 1, 2021
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts—cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or noncurrent'	January 1, 2023

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

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

##### 1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Firms, and Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, and 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 IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

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

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		
			September 30, 2020	December 31, 2019	September 30, 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	100%	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 permit	100%	100%	100%
	" President Wealth Management(HK) Ltd.(President Wealth Management (HK)) (Note 1)	Wealth management	100%	-	-
	" President Securities (Nominee) Ltd. (President Securities (Nominee)) (Note 1)	Nominee Service	100%	-	-
	President Securities (BVI)	Securities dealer, brokerage, underwriting and consulting	-	94.81%	94.81%
	" President Wealth Management (HK) Ltd.(President Wealth Management (HK)) (Note 1)	Wealth management	-	100%	100%
	" President Securities (Nominee) Ltd. (President Securities (Nominee)) (Note 1)	Nominee Service	-	100%	100%

Note 1: In July 2020, the company acquired equity in the overseas reinvestment business invested by President Securities (BVI). Currently, the company holds 100% equity of President Securities (HK), President Wealth Management (HK) and President Securities (Nominee).

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 nine months ended September 30, 2020 and 2019 that were reviewed by independent accountants, the above-listed subsidiaries included in the consolidated financial statements for the nine months ended September 30, 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 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) Cash and cash equivalents

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) Financial assets and financial liabilities at fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets that are not measured at 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, available-for-sale financial assets 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 reserve' 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:

	<u>Useful lives</u>
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. Also, 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 recognized 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 recognizes the effect of the change immediately in the interim period in which the change occurs. The effect of the change on items recognized outside profit or loss is recognized in other comprehensive income or equity while the effect of the change on items recognized in profit or loss is recognized 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

	<u>September 30, 2020</u>	<u>December 31, 2019</u>
Petty Cash	\$ 1,669	\$ 169
Checking deposits	726,519	1,111,097
Current deposits:		
Deposits denominated in NTD	445,621	287,249
Deposits denominated in foreign currencies	922,678	1,091,712
Time deposits	2,761,087	4,029,919
Total	<u>\$ 4,857,574</u>	<u>\$ 6,520,146</u>
		<u>September 30, 2019</u>
Petty Cash		\$ 1,892
Checking deposits		810,028
Current deposits:		
Deposits denominated in NTD		317,180
Deposits denominated in foreign currencies		1,383,067
Time deposits		4,007,134
Total		<u>\$ 6,519,301</u>

As of September 30, 2020, December 31, 2019 and September 30, 2019, the annual interest rates of time deposits, including foreign time deposits were 0.02% ~ 2.75%, 0.04% ~ 3.21% and 0.04% ~ 3.21%, respectively.

2) Financial assets at fair value through profit or loss

	<u>September 30, 2020</u>	<u>December 31, 2019</u>
Current items:		
Financial assets mandatorily measured at fair value through profit or loss:		
<u>Open-ended funds, money market instruments and securities investment by brokers</u>		
Open-ended mutual funds beneficiary certificates	\$ 240,064	\$ 266,298
Commercial bonds	839,765	-
Listed (TSE and OTC) stocks	-	4,887
Exchange-traded funds	32,061	82,660
Subtotal	1,111,890	353,845
Adjustment of open-ended funds ,money market instruments and securities investment by brokers	15,667	2,610
Total	1,127,557	356,455
<u>Trading securities - dealer</u>		
Listed (TSE and OTC) stocks	2,749,549	6,276,195
Government bonds	2,811,798	3,364,452
Corporate bonds	3,929,033	6,992,481
Convertible corporate bonds	383,209	146,703
Emerging stocks	114,858	65,207
Overseas stocks	16,810,406	15,829,161
Exchange-traded funds	1,693,483	3,091,765
Unlisted stocks	22,764	48,289
Subtotal	28,515,100	35,814,253
Adjustment of trading securities - dealer	182,844	441,238
Total	28,697,944	36,255,491
<u>Trading securities - underwriter</u>		
Listed (TSE and OTC) stocks	452,355	807,209
Convertible corporate bonds	135,458	238,046
Subtotal	587,813	1,045,255
Adjustment of trading securities - underwriter	34,590	101,417
Total	622,403	1,146,672
<u>Trading securities - hedging</u>		
Listed (TSE and OTC) stocks	3,379,477	3,142,111
Convertible corporate bonds	38,995	7,647
Warrants	58,393	47,966
Overseas stocks	32,237	64,648
Exchange traded funds	12,621	165,249
Subtotal	3,521,723	3,427,621
Adjustment of trading securities - hedging	( 125,081)	83,999
Total	3,396,642	3,511,620
<u>Options bought - futures</u>	16,879	17,136
<u>Futures guarantee deposits receivable</u>	3,678,734	3,224,122
<u>Derivative financial instrument assets - OTC</u>	11,100	969
Total	\$ 37,551,259	\$ 44,512,465

	<u>September 30, 2020</u>	<u>December 31, 2019</u>
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss:		
Trading securities - dealer - government bonds	\$ 49,940	\$ 49,921
Unlisted stocks	<u>2,609</u>	<u>2,609</u>
Subtotal	52,549	52,530
Adjustment of trading securities	<u>14,201</u>	<u>18,766</u>
Total	<u>\$ 66,750</u>	<u>\$ 71,296</u>
		<u>September 30, 2019</u>
<u>Current items:</u>		
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		\$ 90,000
Exchange-traded funds		<u>85,850</u>
Subtotal		175,850
Adjustment of open-ended funds ,money market instruments and securities investment by brokers		<u>770</u>
Total		<u>176,620</u>
Trading securities - dealer		
Listed (TSE and OTC) stocks		3,701,157
Government bonds		2,866,801
Corporate bonds		6,535,993
Convertible corporate bonds		257,123
Emerging stocks		78,248
Overseas stocks		15,627,125
Exchange-traded funds		3,185,322
Unlisted stocks		<u>48,289</u>
Subtotal		32,300,058
Adjustment of trading securities - dealer		<u>146,772</u>
Total		<u>32,446,830</u>
Trading securities - underwriter		
Listed (TSE and OTC) stocks		1,251,037
Convertible corporate bonds		<u>335,442</u>
Subtotal		1,586,479
Adjustment of trading securities - underwriter		<u>96,426</u>
Total		<u>1,682,905</u>

	<u>September 30, 2019</u>
Trading securities - hedging	
Listed (TSE and OTC) stocks	\$ 1,785,029
Convertible corporate bonds	11,587
Warrants	19,371
Overseas stocks	81,153
Exchange traded funds	118,617
<u>Subtotal</u>	<u>2,015,757</u>
<u>Adjustment of trading securities - hedging</u>	<u>29,630</u>
<u>Total</u>	<u>2,045,387</u>
Options bought - futures	12,240
Futures guarantee deposits receivable	3,548,800
Derivative financial instrument assets - OTC	10,648
Total	\$ 39,923,430
Non-current items:	
Financial assets mandatorily measured at fair value through profit or loss:	
Trading securities - dealer - government bonds	\$ 49,914
Unlisted stocks	2,609
Subtotal	52,523
Adjustment of trading securities	14,696
Total	<u>\$ 67,219</u>

- a. For the three and nine months ended September 30, 2020 and 2019, net realized and unrealized gains on financial assets and liabilities at fair value through profit or loss amounted to \$1,497,831, \$385,848, \$2,422,426 and \$1,853,889, 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

	<u>September 30, 2020</u>	<u>December 31, 2019</u>
Current items:		
Debt instruments		
<u>Trading securities - dealer</u>		
Overseas bonds	\$ 1,609,080	\$ -
Adjustment of trading securities - dealer	<u>153,507</u>	<u>-</u>
Total	1,762,587	-
Equity instruments		
<u>Trading securities - dealer</u>		
Listed (TSE and OTC) stocks	1,327,620	-
Adjustment of trading securities - dealer	<u>196,735</u>	<u>-</u>
Total	<u>1,524,355</u>	<u>-</u>
Total	<u>\$ 3,286,942</u>	<u>\$ -</u>
Non-current items:		
Equity instruments		
Unlisted stocks	\$ 37,565	\$ 37,565
Adjustment of trading securities	<u>630,100</u>	<u>554,031</u>
Total	<u>\$ 667,665</u>	<u>\$ 591,596</u>

September 30, 2019

Current items:		
Debt instruments		
Trading securities - dealer		
Overseas bonds		\$ 291,964
Adjustment of trading securities - dealer		<u>15,271</u>
Total		<u>\$ 307,235</u>
Non-current items:		
Equity instruments		
Unlisted stocks		\$ 37,565
Adjustment of trading securities		<u>745,406</u>
Total		<u>\$ 782,971</u>

- 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 \$2,192,020, \$591,596 and \$782,971 as at September 30, 2020, December 31, 2019 and September 30, 2019, respectively.
- For the nine months ended September 30, 2020, the Group sold its stock investments listed on TSE and OTC with fair value of \$187,339, and an accumulated gain on disposal of \$6,656, in order to adjust the investment position.
- 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 September 30, 2020	Three months ended September 30, 2019
Fair value change recognised in other comprehensive income - parent company	\$ 127,026	\$ 21,370
Fair value change recognised in other comprehensive income - non-controlling interest	2,606	8,791
Total	<u>\$ 129,632</u>	<u>\$ 30,161</u>
Cumulative gains (losses) reclassified to retained earnings due to derecognition	<u>(\$ 6,656)</u>	<u>\$ -</u>
Dividend income recognised in profit or loss		
Held at end of period	\$ 61,138	\$ -
Derecognised during the period	10,456	-
	<u>\$ 71,594</u>	<u>\$ -</u>
Debt instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income	<u>(\$ 7,979)</u>	<u>\$ 1,628</u>
Interest income recognised in profit or loss	<u>\$ 12,353</u>	<u>\$ 228</u>
Equity instruments at fair value through other comprehensive income	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Fair value change recognised in other comprehensive income - parent company	\$ 277,552	\$ 173,639
Fair value change recognised in other comprehensive income - non-controlling interest	1,908	4,753
Total	<u>\$ 279,460</u>	<u>\$ 178,392</u>
Cumulative gains (losses) reclassified to retained earnings due to derecognition	<u>(\$ 6,656)</u>	<u>\$ -</u>
Dividend income recognised in profit or loss		
Held at end of period	\$ 80,256	\$ 24,192
Derecognised during the period	10,456	-
	<u>\$ 90,712</u>	<u>\$ 24,192</u>
Debt instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income	<u>\$ 99,612</u>	<u>\$ 9,733</u>
Interest income recognised in profit or loss	<u>\$ 22,511</u>	<u>\$ 680</u>

- 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) Margin loans receivable

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

5) Customer margin account

	September 30, 2020	December 31, 2019
Bank deposit	\$ 16,666,183	\$ 10,020,199
Futures clearing house	2,675,047	1,346,810
Other futures commission merchant	2,848,093	2,368,427
Securities	296	276
Total	<u>\$ 22,189,619</u>	<u>\$ 13,735,712</u>

	September 30, 2019
Bank deposit	\$ 9,442,855
Futures clearing house	1,406,490
Other futures commission merchant	2,086,727
Securities	323
Total	<u>\$ 12,936,395</u>

The difference between the customer margin deposits accounts and futures traders' equity as of September 30, 2020, December 31, 2019 and September 30, 2019 were outlined below:

	September 30, 2020	December 31, 2019
Customer margin deposits accounts	\$ 22,189,619	\$ 13,735,712
Futures trading margins receivable	-	32
Add: Early customer margin deposits	7,770	7,078
Less: Service fee income pending for transfer	( 13,944)	( 16,998)
Futures exchange tax pending for transfer	( 981)	( 696)
Net interest income pending for transfer	( 2,737)	( 3,078)
Temporary receipts	( 12,805)	( 8,383)
Futures traders' equity	<u>\$ 22,166,922</u>	<u>\$ 13,713,667</u>

	September 30, 2019
Customer margin deposits accounts	\$ 12,936,395
Add: Early customer margin deposits	18,240
Less: Service fee income pending for transfer	( 12,507)
Futures exchange tax pending for transfer	( 731)
Net interest income pending for transfer	( 4,581)
Temporary receipts	( 35,712)
Futures traders' equity	<u>\$ 12,901,104</u>

6) Accounts receivable

	<u>September 30, 2020</u>	<u>December 31, 2019</u>
Accounts receivable - non related parties		
Settlement price receivable-brokers	\$ 13,739,017	\$ 9,135,975
Settlement price receivable-dealer	293,469	857,731
Accounts receivable-international bonds	171,170	-
Accounts receivable-foreign bonds	1,607,701	601,111
Spot exchange receivable, foreign currencies	41,708	435,180
Interest receivable	250,352	301,206
Settlement price	483,708	777,031
Others	152,192	77,010
Subtotal	16,739,317	12,185,244
Less: Allowance for uncollectable accounts	( 561)	( 656)
Total	<u>\$ 16,738,756</u>	<u>\$ 12,184,588</u>
		<u>September 30, 2019</u>
Accounts receivable - non related parties		
Settlement price receivable-brokers		\$ 7,869,955
Settlement price receivable-dealer		1,158,762
Accounts receivable-international bonds		1,234,165
Accounts receivable-foreign bonds		4,901,265
Spot exchange receivable, foreign currencies		2,097
Interest receivable		313,186
Settlement price		500,357
Others		75,705
Subtotal		16,055,492
Less: Allowance for uncollectable accounts		( 760)
Total		<u>\$ 16,054,732</u>

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

	<u>September 30, 2020</u>					
	Up to 30 days	31 to 90 days	91 to 180 days	181 days to 12 months	More than 12 months	Total
<u>Accounts receivable</u>						
Accounts receivable - non related parties	<u>\$ 16,505,824</u>	<u>\$ 49,647</u>	<u>\$ 97,162</u>	<u>\$ 62,789</u>	<u>\$ 23,895</u>	<u>\$ 16,739,317</u>
	<u>December 31, 2019</u>					
	Up to 30 days	31 to 90 days	91 to 180 days	181 days to 12 months	More than 12 months	Total
<u>Accounts receivable</u>						
Accounts receivable - non related parties	<u>\$ 11,891,632</u>	<u>\$ 69,156</u>	<u>\$ 102,519</u>	<u>\$ 75,034</u>	<u>\$ 46,903</u>	<u>\$ 12,185,244</u>
	<u>September 30, 2019</u>					
	Up to 30 days	31 to 90 days	91 to 180 days	181 days to 12 months	More than 12 months	Total
<u>Accounts receivable</u>						
Accounts receivable - non related parties	<u>\$ 15,777,094</u>	<u>\$ 59,301</u>	<u>\$ 75,713</u>	<u>\$ 62,248</u>	<u>\$ 81,136</u>	<u>\$ 16,055,492</u>

The above ageing analysis was based on invoice date.

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

7) Other receivables

	<u>September 30, 2020</u>	<u>December 31, 2019</u>
Interest receivable	\$ 5,732	\$ 13,812
Others	27,558	91,790
Subtotal	33,290	105,602
Less: Allowance for uncollectible accounts	( 740)	( 54)
Total	<u>\$ 32,550</u>	<u>\$ 105,548</u>

	<u>September 30, 2019</u>
Interest receivable	\$ 11,515
Others	88,594
Subtotal	100,109
Less: Allowance for uncollectible accounts	( 10,588)
Total	<u>\$ 89,521</u>

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

8) Other current assets

	<u>September 30, 2020</u>	<u>December 31, 2019</u>
Pending settlements	\$ 1,234,776	\$ 950,487
Pledged time deposits	528,011	531,251
Deposits-in for foreign currency securities	248,048	-
Underwriting share proceeds collected on behalf of customers	3,429,618	18
Temporary payments	3,814	138,591
Others	8,118	1,350
Total	<u>\$ 5,452,385</u>	<u>\$ 1,621,697</u>

	<u>September 30, 2019</u>
Pending settlements	\$ 851,494
Pledged time deposits	534,968
Underwriting share proceeds collected on behalf of customers	11
Temporary payments	34,869
Others	717
Total	<u>\$ 1,422,059</u>

9) 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:

September 30, 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	\$ 20,648,354	\$ 19,478,634
Financial assets measured at fair value through other comprehensive income		
Repurchase agreement	1,685,930	1,560,019
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
September 30, 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	\$ 21,437,011	\$ 21,373,552
Financial assets measured at fair value through other comprehensive income		
Repurchase agreement	307,235	290,250

#### 10) 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:

(Blank below)

(1) Financial assets

September 30, 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	Cash collateral received	Net amount
Derivative financial instruments	\$ 11,084	\$ -	\$ 11,084	\$ 11,084	\$ -	\$ -
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	Cash collateral received	Net amount
Derivative financial instruments	\$ 938	\$ -	\$ 938	\$ 938	\$ -	\$ -
September 30, 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	Cash collateral received	Net amount
Derivative financial instruments	\$ 10,571	\$ -	\$ 10,571	\$ 2,443	\$ -	\$ 8,128

## (2) Financial liabilities

September 30, 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		Net amount
				Financial instruments	Cash collateral received	
Derivative financial instruments	\$ 11,985	\$ -	\$ 11,985	\$ 11,084	\$ -	\$ 901
Bonds sold and repurchase agreements	14,830,590	-	14,830,590	14,830,590	-	-
Total	<u>\$ 14,842,575</u>	<u>\$ -</u>	<u>\$ 14,842,575</u>	<u>\$ 14,841,674</u>	<u>\$ -</u>	<u>\$ 901</u>
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		Net amount
				Financial instruments	Cash collateral received	
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	<u>\$ 11,630,393</u>	<u>\$ -</u>	<u>\$ 11,630,393</u>	<u>\$ 11,622,960</u>	<u>\$ -</u>	<u>\$ 7,433</u>
September 30, 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		Net amount
				Financial instruments	Cash collateral received	
Derivative financial instruments	\$ 2,443	\$ -	\$ 2,443	\$ 2,443	\$ -	\$ -
Bonds sold and repurchase agreements	13,086,459	-	13,086,459	13,086,459	-	-
Total	<u>\$ 13,088,902</u>	<u>\$ -</u>	<u>\$ 13,088,902</u>	<u>\$ 13,088,902</u>	<u>\$ -</u>	<u>\$ -</u>

11) Investments accounted for under the equity method

	September 30, 2020	December 31, 2019
Uni-President Asset Management Corp.	\$ 582,175	\$ 578,853
Jin Yuan President Securities Co.,Ltd.	2,469,810	-
	<u>\$ 3,051,985</u>	<u>\$ 578,853</u>
		September 30, 2019
Uni-President Asset Management Corp.		<u>\$ 569,463</u>

- A. The Group's share of its associates' profits or losses recognized in long-term equity investment accounted for under the equity method for the three and nine months ended September 30, 2020 and 2019 were \$5,577, \$27,382, \$52,184, and \$79,459, respectively.
- B. The Group holds 42.49% of the equity of Uni-President Asset Management Corp., making it the single largest shareholder of the company, while the other equity is mainly held by the other 15 shareholders. Half of the voting rights of the shareholders attending the shareholders meeting exceeds the voting rights of the Group, and the Group does not take an active role in the management of the company. This shows that the Group has no actual ability to direct relevant activities. The Group has no control over Uni-President Asset Management Corp., but has significant influence over it.
- C. The financial information of the Group's principal associates is summarized as follows:  
(a)The basic information of the associates that are material to the Group is as follows:

Company name	Principal place of business	Shareholding ratio			Nature of relationship	Methods of measurement
		September 30, 2020	December 31, 2019	September 30, 2019		
Uni-President Asset Management Corp.	Taipei city	42.49%	42.49%	42.49%	Associate	Equity method
Jin Yuan President Securities Co.,Ltd.	Xiamen	49%	-	-	Associate	Equity method

Note:The Company participated in the establishment of Jin Yuan President Securities Co., Ltd. since May 2020.

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

Balance sheet

	Uni-President Asset Management Corp.		
	September 30, 2020(Note)	December 31, 2019	September 30, 2019(Note)
Current assets	\$ 483,550	\$ 543,681	\$ 432,743
Non-current assets	663,127	627,350	667,402
Current liabilities	( 141,977)	( 176,271)	( 123,458)
Non-current liabilities	( 57,223)	( 55,102)	( 59,125)
Total net assets	<u>\$ 947,477</u>	<u>\$ 939,658</u>	<u>\$ 917,562</u>



	Uni-President Asset Management Corp.		
	September 30, 2020(Note)	December 31, 2019	September 30, 2019(Note)
Share in associate's net assets	\$ 402,653	\$ 399,331	\$ 389,941
Goodwill and others	179,522	179,522	179,522
Carrying amount of the associate	<u>\$ 582,175</u>	<u>\$ 578,853</u>	<u>\$ 569,463</u>

Balance sheet

	Jin Yuan President Securities Co.,Ltd.	
	<u>September 30, 2020</u>	
Current assets	\$ 5,005,660	
Non-current assets	34,768	
Total net assets	<u>\$ 5,040,428</u>	
Share in associate's net assets	\$ 2,469,810	
Carrying amount of the associate	<u>\$ 2,469,810</u>	

Statement of comprehensive income

	Uni-President Asset Management Corp.	
	Nine months ended September 30, 2020(Note)	Nine months ended September 30, 2019(Note)
Revenue	\$ 662,865	\$ 594,073
Profit for the period from continuing operations	\$ 217,044	\$ 186,543
Other comprehensive income - net of tax	13,239	32,981
Total comprehensive income	<u>\$ 230,283</u>	<u>\$ 219,524</u>
Dividends received from associates	<u>\$ 94,542</u>	<u>\$ 93,706</u>
	Jin Yuan President Securities Co.,Ltd.	
	<u>Five months ended September 30, 2020</u>	
Net loss	(\$ 2,080)	
Loss for the period from continuing operations	(\$ 81,744)	
Total comprehensive loss	<u>(\$ 81,744)</u>	
Dividends received from associates	<u>\$ -</u>	

Note : The financial statements for the nine months ended September 30, 2020 and 2019, that were not reviewed by independent accountants, were prepared by the company.

12) 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	<u>\$ 1,680,129</u>	<u>\$ 631,518</u>	<u>\$ 115,705</u>	<u>\$ 16,612</u>	<u>\$ 2,443,964</u>
January 1	\$ 1,680,129	\$ 631,518	\$ 115,705	\$ 16,612	\$ 2,443,964
Additions	-	3,892	21,635	1,615	27,142
Disposal	-	-	( 231)	( 88)	( 319)
Reclassifications	-	31,677	17,768	-	49,445
Depreciation	-	( 21,766)	( 34,508)	( 4,815)	( 61,089)
September 30	<u>\$ 1,680,129</u>	<u>\$ 645,321</u>	<u>\$ 120,369</u>	<u>\$ 13,324</u>	<u>\$ 2,459,143</u>
September 30	Land	Buildings	Equipment	Leasehold improvements	Total
Cost	\$ 1,680,129	\$ 1,092,516	\$ 288,933	\$ 48,696	\$ 3,110,274
Accumulated depreciation and impairment	-	( 447,195)	( 168,564)	( 35,372)	( 651,131)
Total	<u>\$ 1,680,129</u>	<u>\$ 645,321</u>	<u>\$ 120,369</u>	<u>\$ 13,324</u>	<u>\$ 2,459,143</u>
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	<u>\$ 1,680,129</u>	<u>\$ 642,814</u>	<u>\$ 102,378</u>	<u>\$ 17,049</u>	<u>\$ 2,442,370</u>
January 1	\$ 1,680,129	\$ 642,814	\$ 102,378	\$ 17,049	\$ 2,442,370
Additions	-	3,133	23,262	930	27,325
Disposal	-	-	( 25)	-	( 25)
Reclassifications	-	2,564	2,745	1,690	6,999
Depreciation	-	( 18,356)	( 29,762)	( 5,899)	( 54,017)
September 30	<u>\$ 1,680,129</u>	<u>\$ 630,155</u>	<u>\$ 98,598</u>	<u>\$ 13,770</u>	<u>\$ 2,422,652</u>
September 30	Land	Buildings	Equipment	Leasehold improvements	Total
Cost	\$ 1,680,129	\$ 1,053,048	\$ 245,405	\$ 52,314	\$ 3,030,896
Accumulated depreciation and impairment	-	( 422,893)	( 146,807)	( 38,544)	( 608,244)
Total	<u>\$ 1,680,129</u>	<u>\$ 630,155</u>	<u>\$ 98,598</u>	<u>\$ 13,770</u>	<u>\$ 2,422,652</u>

A. No interest was capitalized for property and equipment for the nine months ended September 30, 2020 and 2019.

B. The information on property and equipment pledged or restricted as of September 30, 2020, December 31, 2019 and September 30, 2019 is described in Note 8.

13) 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:

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
	<u>Carrying Amount</u>	<u>Carrying Amount</u>	<u>Carrying Amount</u>
Buildings	\$ 196,982	\$ 202,057	\$ 231,310
Transportation equipment (Business vehicles)	13,777	18,384	17,822
Office equipment (Photocopiers)	10,554	1,228	1,484
Total	<u>\$ 221,313</u>	<u>\$ 221,669</u>	<u>\$ 250,616</u>
		<u>Nine months ended</u>	<u>Nine months ended</u>
		<u>September 30, 2020</u>	<u>September 30, 2019</u>
		<u>Depreciation charge</u>	<u>Depreciation charge</u>
Buildings		\$ 66,497	\$ 73,416
Transportation equipment (Business vehicles)		4,900	5,523
Office equipment (Photocopiers)		1,080	1,556
Total		<u>\$ 72,477</u>	<u>\$ 80,495</u>

- C. For the nine months ended September 30, 2020 and 2019, the additions to right-of-use assets amounted to \$72,958 and \$149,588, respectively.
- D. The information on income and expense accounts relating to lease contracts is as follows:

	<u>Nine months ended</u>	<u>Nine months ended</u>
	<u>September 30, 2020</u>	<u>September 30, 2019</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 1,768	\$ 1,793
Expense on short-term lease contracts	2,899	2,975
Expense on variable lease payment	181	222

- E. For the nine months ended September 30, 2020 and 2019, the Group's total cash outflow for leases amounted to \$76,782 and \$86,173, respectively.
- F. The Group has applied the practical expedient to "Covid-19-related rent concessions", and recognized the other gains or losses from changes in lease payments arising from the rent concessions amounting to \$116 by decreasing rent expense for the nine months ended September 30, 2020.

14) 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 nine months ended September 30, 2020 and 2019, the Group recognized rent income in the amount of \$18,822 and \$19,103, 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:

	September 30, 2020	December 31, 2019	September 30, 2019
2019	\$ -	\$ -	\$ 6,181
2020	4,746	19,003	23,715
2021	22,368	17,620	21,976
2022	17,284	17,284	21,379
2023	17,284	17,284	21,379
2024	4,195	4,195	5,687
Total	<u>\$ 65,877</u>	<u>\$ 75,386</u>	<u>\$ 100,317</u>

#### 15) Investment property

		2020		
January 1		Land	Buildings	Total
Cost		\$ 198,099	\$ 107,076	\$ 305,175
Accumulated depreciation and impairment		-	( 32,572)	( 32,572)
Total		<u>\$ 198,099</u>	<u>\$ 74,504</u>	<u>\$ 272,603</u>
January 1		\$ 198,099	\$ 74,504	\$ 272,603
Depreciation		-	( 1,575)	( 1,575)
September 30		<u>\$ 198,099</u>	<u>\$ 72,929</u>	<u>\$ 271,028</u>
September 30		Land	Buildings	Total
Cost		\$ 198,099	\$ 107,076	\$ 305,175
Accumulated depreciation and impairment		-	( 34,147)	( 34,147)
Total		<u>\$ 198,099</u>	<u>\$ 72,929</u>	<u>\$ 271,028</u>
		2019		
January 1		Land	Buildings	Total
Cost		\$ 198,099	\$ 107,076	\$ 305,175
Accumulated depreciation and impairment		-	( 30,472)	( 30,472)
Total		<u>\$ 198,099</u>	<u>\$ 76,604</u>	<u>\$ 274,703</u>
January 1		\$ 198,099	\$ 76,604	\$ 274,703
Depreciation		-	( 1,575)	( 1,575)
September 30		<u>\$ 198,099</u>	<u>\$ 75,029</u>	<u>\$ 273,128</u>
September 30		Land	Buildings	Total
Cost		\$ 198,099	\$ 107,076	\$ 305,175
Accumulated depreciation and impairment		-	( 32,047)	( 32,047)
Total		<u>\$ 198,099</u>	<u>\$ 75,029</u>	<u>\$ 273,128</u>

A. For the three and nine months ended September 30, 2020 and 2019, rental income from the lease of the investment property were \$3,466, \$4,413, \$12,292 and \$13,239, respectively, and direct

operating expenses arising from the investment property were \$966, \$901, \$2,899, and \$2,708, respectively.

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

16) Intangible assets

		2020		
		Computer	Goodwill	Customer relationships and others
		software		
				Total
January 1				
Cost		\$ 153,387	\$ 42,004	\$ 89,929
Accumulated depreciation and impairment		( 101,997)	-	( 54,163)
Total		\$ 51,390	\$ 42,004	\$ 35,766
January 1		\$ 51,390	\$ 42,004	\$ 35,766
Additions		7,640	-	-
Disposals		23,779	-	-
Reclassifications		( 31)	-	-
Depreciation		( 20,150)	-	( 14)
September 30		\$ 62,628	\$ 42,004	\$ 35,752
		Computer	Goodwill	Customer relationships and others
		software		
				Total
September 30				
Cost		\$ 180,821	\$ 42,004	\$ 35,769
Accumulated depreciation and impairment		( 118,193)	-	( 17)
Total		\$ 62,628	\$ 42,004	\$ 35,752
		Computer	Goodwill	Customer relationships and others
		software		
				Total
January 1				
Cost		\$ 138,619	\$ 42,004	\$ 89,829
Accumulated depreciation and impairment		( 92,082)	-	( 54,160)
Total		\$ 46,537	\$ 42,004	\$ 35,669
January 1		\$ 46,537	\$ 42,004	\$ 35,669
Additions		12,345	-	-
Reclassifications		13,141	-	-
Depreciation		( 17,369)	-	-
September 30		\$ 54,654	\$ 42,004	\$ 35,669
		Computer	Goodwill	Customer relationships and others
		software		
				Total
September 30				
Cost		\$ 154,457	\$ 42,004	\$ 35,669
Accumulated depreciation and impairment		( 99,803)	-	-
Total		\$ 54,654	\$ 42,004	\$ 35,669

A. No interest was capitalized for intangible assets for the nine months ended September 30, 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:

	<u>Brokerage Segment</u>
	<u>2019</u>
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.

17) Other non-current assets

	<u>September 30, 2020</u>	<u>December 31, 2019</u>
Operation guaranteed deposits	\$ 640,000	\$ 660,000
Clearing and settlement fund	343,773	343,866
Refundable deposits	175,644	173,210
Deferred expenses	16,016	16,373
Prepaid pension expenses	28,383	904
Prepayment for equipment	22,678	32,947
Overdue receivables	242,425	240,073
Others	<u>720</u>	<u>720</u>
	1,469,639	1,468,093
Less: Allowance for uncollectible accounts	( 242,425)	( 240,073)
Total	<u>\$ 1,227,214</u>	<u>\$ 1,228,020</u>
		<u>September 30, 2019</u>
Operation guaranteed deposits		\$ 670,000
Clearing and settlement fund		348,315
Refundable deposits		206,191
Deferred expenses		16,992
Prepaid pension expenses		25,805
Prepayment for equipment		24,241
Overdue receivables		241,009
Others		<u>720</u>
		1,533,273
Less: Allowance for uncollectible accounts		( 241,009)
Total		<u>\$ 1,292,264</u>

18) Short-term loans

	<u>September 30, 2020</u>	<u>December 31, 2019</u>
Secured loans	\$ 938,500	\$ -
Unsecured loans	4,925,912	2,964,959
Total	<u>\$ 5,864,412</u>	<u>\$ 2,964,959</u>
Interest rates	<u>0.600%~1.800%</u>	<u>0.880%~3.000%</u>

	<u>September 30, 2019</u>
Secured loans	\$ 660,000
Unsecured loans	1,774,868
Loans from other banks	217,280
Total	<u>\$ 2,652,148</u>
Interest rates	<u>0.850%~2.540%</u>

19) Commercial papers payable

	<u>September 30, 2020</u>	<u>December 31, 2019</u>
Face value	\$ 6,300,000	\$ 9,600,000
Less: discount on commercial papers payable	( 939)	( 3,296)
Total	<u>\$ 6,299,061</u>	<u>\$ 9,596,704</u>
Interest rates	<u>0.250%~0.350%</u>	<u>0.530%~0.695%</u>

	<u>September 30, 2019</u>
Face value	\$ 6,000,000
Less: discount on commercial papers payable	( 1,187)
Total	<u>\$ 5,998,813</u>
Interest rates	<u>0.530%~0.685%</u>

(Blank below)

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

	<u>September 30, 2020</u>	<u>December 31, 2019</u>
Liabilities on sale of borrowed securities		
- hedged	\$ 341,710	\$ 192,174
Valuation adjustment on liabilities on sale of borrowed securities - hedged	( 17,755)	8,617
Liabilities on sale of borrowed securities - non-hedged	180,411	208,143
Valuation adjustment on liabilities on sale of borrowed securities - non-hedged	<u>3,881</u>	<u>( 17,707)</u>
Subtotal	<u>508,247</u>	<u>391,227</u>
Issuance of call ( put ) warrants	12,603,627	6,639,919
Gain on price fluctuation	<u>( 4,210,632)</u>	<u>( 945,819)</u>
Market value (A)	<u>8,392,995</u>	<u>5,694,100</u>
Warrants redeemed	<u>( 11,159,556)</u>	<u>( 5,473,503)</u>
Loss on price fluctuation	<u>3,322,964</u>	<u>163,564</u>
Market value (B)	<u>( 7,836,592)</u>	<u>( 5,309,939)</u>
Warrants - net (A+B)	<u>556,403</u>	<u>384,161</u>
Options sold - TAIFEX	<u>6,003</u>	<u>17,753</u>
Outstanding Liability for Issuance of ETNs	647,192	19,222
Valuation adjustment on outstanding Liability for Issuance of ETNs	<u>( 20,301)</u>	<u>549</u>
Subtotal	<u>626,891</u>	<u>19,771</u>
Derivative financial liabilities - OTC	<u>183,328</u>	<u>35,716</u>
Total	<u>\$ 1,880,872</u>	<u>\$ 848,628</u>

	<u>September 30, 2019</u>
Financial liabilities held for trading:	
Liabilities on sale of borrowed securities	
- hedged	\$ 137,579
Valuation adjustment on liabilities on sale of borrowed securities - hedged	( 1,965)
Liabilities on sale of borrowed securities - non-hedged	227,124
Valuation adjustment on liabilities on sale of borrowed securities - non-hedged	<u>2,898</u>
Subtotal	<u>365,636</u>



	<u>September 30, 2019</u>
Issuance of call ( put ) warrants	\$ 10,854,784
Gain on price fluctuation	( 3,485,178)
Market value (A)	<u>7,369,606</u>
Warrants redeemed	( 9,551,644)
Loss on price fluctuation	<u>2,400,220</u>
Market value (B)	( 7,151,424)
Warrants - net (A+B)	<u>218,182</u>
Options sold - TAIFEX	<u>22,776</u>
Outstanding Liability for Issuance of ETNs	5,347
Valuation adjustment on outstanding Liability for Issuance of ETNs	<u>230</u>
Subtotal	<u>5,577</u>
Derivative financial liabilities - OTC	<u>27,594</u>
Total	<u>\$ 639,765</u>

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.

21) Bonds sold under repurchase agreements

	<u>September 30, 2020</u>	<u>December 31, 2019</u>
Government bonds	\$ 2,954,351	\$ 3,445,144
Corporate bonds	1,150,959	1,601,547
Bank debentures	199,500	400,889
International bonds	1,903,253	3,886,654
Foreign bonds	<u>14,830,590</u>	<u>11,622,022</u>
Total	<u>\$ 21,038,653</u>	<u>\$ 20,956,256</u>
		<u>September 30, 2019</u>
Government bonds		\$ 2,848,975
Corporate bonds		1,400,871
Bank debentures		500,572
International bonds		3,826,925
Foreign bonds		<u>13,086,459</u>
Total		<u>\$ 21,663,802</u>

The above bonds sold under repurchase agreements as of September 30, 2020, December 31, 2019 and September 30, 2019 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 \$21,061,153, \$21,035,116, and \$21,756,175, respectively, and the annual interest rates in every currency were shown as follows:

Currency	September 30, 2020	December 31, 2019	September 30, 2019
NTD	0.23%~0.35%	0.47%~0.62%	0.46%~0.62%
Foreign currencies (Note)	-0.45%~2.95%	-0.50%~3.40%	-0.38%~3.30%

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

## 22) Accounts payable

	September 30, 2020	December 31, 2019
Settlement accounts payable - brokered trading	\$ 8,378,819	\$ 9,370,880
Settlement proceeds	1,116,880	1,223,127
Settlement accounts payable - operating	874,664	616,917
Accounts payable - foreign bonds	1,372,800	709,611
Accounts payable - international bonds	134,023	223
Spot exchange payable, foreign currencies	41,706	434,980
Others	176,083	100,864
Total	<u>\$ 12,094,975</u>	<u>\$ 12,456,602</u>
		September 30, 2019
Settlement accounts payable - brokered trading		\$ 7,786,361
Settlement proceeds		865,805
Settlement accounts payable - operating		355,018
Accounts payable - foreign bonds		3,686,186
Accounts payable - international bonds		1,316,137
Spot exchange payable, foreign currencies		2,095
Others		74,327
Total		<u>\$ 14,085,929</u>

## 23) Other payables

	September 30, 2020	December 31, 2019
Salary and bonus payable	\$ 925,919	\$ 788,324
Employees' and directors' remuneration payable	100,317	113,140
Others	466,707	446,217
Total	<u>\$ 1,492,943</u>	<u>\$ 1,347,681</u>
		September 30, 2019
Salary and bonus payable		\$ 515,466
Employees' and directors' remuneration payable		82,423
Others		384,060
Total		<u>\$ 981,949</u>

24) Other financial liabilities - current

	September 30, 2020	December 31, 2019
Equity-linked notes (ELN) - Options	\$ 5,000	\$ 4,000
Principal guaranteed notes (PGN) - fixed income	4,031,940	2,739,866
Total	<u>\$ 4,036,940</u>	<u>\$ 2,743,866</u>
		September 30, 2019
Equity-linked notes (ELN) - Options		\$ 2,000
Principal guaranteed notes (PGN) - fixed income		3,304,809
Total		<u>\$ 3,306,809</u>

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).

25) Other liabilities-non-current

	September 30, 2020	December 31, 2019
Guarantee deposits received	\$ 9,216	\$ 8,396
Net defined benefit obligation	4,939	7,118
Total	<u>\$ 14,155</u>	<u>\$ 15,514</u>
		September 30, 2019
Guarantee deposits received		\$ 8,126
Net defined benefit obligation		10,417
Total		<u>\$ 18,543</u>

26) 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 and nine months ended September 30, 2020 and 2019 in the statement of comprehensive income in the amounts of \$1,181, \$1,279, \$3,545 and \$3,836, respectively.

(C) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2021 amount to \$47,811.

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 and nine months ended September 30, 2020 and 2019 were \$17,951, \$15,969, \$51,725 and \$47,625, 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 \$434, \$436, \$1,327 and \$1,340, respectively, for the three and nine months ended September 30, 2020 and 2019.

27) Equity

A. Common stock

(A) As of September 30, 2020, the Company’s authorized capital was \$15,000,000 with a par value of \$10 (in dollars) per share. As of September 30, 2020, the outstanding common stocks was 1,399,838 thousand shares. As of December 31, 2019 and September 30, 2019, the outstanding common stocks were both 1,372,390 thousand shares.

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

	(Expressed in thousands)	
	Nine months ended	Nine months ended
	September 30, 2020	September 30, 2019
January 1	\$ 1,372,390	\$ 1,390,428
Acquisition of treasury stocks	-	( 18,038)
Stock dividends	27,448	-
September 30	<u>\$ 1,399,838</u>	<u>\$ 1,372,390</u>

The Group was approved by the board of directors on March 26, 2020 and the shareholders’

meeting resolved on June 19, 2020 to increase capital with an undistributed surplus of \$274,478, and issue 27,448 thousand ordinary shares with a par value of \$10 per share. The capital increase base date is at August 10, 2020, the total issued share capital after the capital increase was \$13,998,378, divided into 1,399,838 thousand shares, each with a denomination of \$10 per share.

(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)

Reason for buyback	Nine months ended September 30, 2019				
	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)	-	\$ -

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
September 30, 2020	\$ 24,663	\$ 65,675	\$ 483	\$ 440	\$ 91,261
December 31, 2019	\$ 24,663	\$ 65,675	\$ 483	\$ 440	\$ 91,261
September 30, 2019	\$ 24,663	\$ 65,675	\$ 483	\$ 440	\$ 91,261

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.

28) 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 June 19, 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 (Notes 1&3)	( 4,221)		( 4,365)	
Reversal 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	<u>\$ 2,350,598</u>		<u>\$ 1,265,804</u>	

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 reversed according to Jing-Guan-Zheng-Chuang Letter No. 10800321644.

## 29) Brokerage handling fee revenue

	Three months ended September 30, 2020	Three months ended September 30, 2019
Revenues from brokered trading - TWSE	\$ 519,494	\$ 285,714
Revenues from brokered trading - OTC	191,791	108,481
Revenues from brokered trading - Futures	197,518	155,910
Others	39,689	22,486
Total	<u>\$ 948,492</u>	<u>\$ 572,591</u>
	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Revenues from brokered trading - TWSE	\$ 1,275,284	\$ 758,343
Revenues from brokered trading - OTC	455,499	307,194
Revenues from brokered trading - Futures	609,877	446,251
Others	95,510	84,510
Total	<u>\$ 2,436,170</u>	<u>\$ 1,596,298</u>

30) Revenues from underwriting business

	Three months ended September 30, 2020	Three months ended September 30, 2019
Revenues from underwriting securities on a firm commitment basis	\$ 15,415	\$ 16,316
Others	27,568	7,730
Total	<u>\$ 42,983</u>	<u>\$ 24,046</u>
	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Revenues from underwriting securities on a firm commitment basis	\$ 17,234	\$ 18,705
Others	40,765	24,177
Total	<u>\$ 57,999</u>	<u>\$ 42,882</u>

31) Gain on sale of trading securities

	Three months ended September 30, 2020	Three months ended September 30, 2019
Dealers:		
-TAIEX	\$ 809,891	\$ 276,907
-OTC	9,834	107,914
-Overseas trading	975,442	206,045
Subtotal	<u>1,795,167</u>	<u>590,866</u>
Underwriters:		
-TAIEX	1,754	14,028
-OTC	29,006	16,066
Subtotal	<u>30,760</u>	<u>30,094</u>
Hedging:		
-TAIEX	82,730	39,069
-OTC	26,106	22,866
-Overseas trading	( 265)	541
Subtotal	<u>108,571</u>	<u>62,476</u>
Total	<u>\$ 1,934,498</u>	<u>\$ 683,436</u>



	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Dealers:		
-TAIEX	\$ 1,150,283	\$ 929,916
-OTC	( 60,341)	144,319
-Overseas trading	1,049,608	563,014
Subtotal	2,139,550	1,637,249
Underwriters:		
-TAIEX	13,901	41,434
-OTC	48,810	39,348
Subtotal	62,711	80,782
Hedging:		
-TAIEX	( 95,035)	74,409
-OTC	( 17,188)	35,465
-Overseas trading	652	( 12,037)
Subtotal	( 111,571)	97,837
Total	\$ 2,090,690	\$ 1,815,868

32) Interest revenue

	Three months ended September 30, 2020	Three months ended September 30, 2019
Interest income from margin loans	\$ 145,909	\$ 126,331
Interest income from bonds	135,572	177,636
Others	4,684	2,002
Total	\$ 286,165	\$ 305,969
	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Interest income from margin loans	\$ 397,979	\$ 372,407
Interest income from bonds	427,934	520,851
Others	11,080	4,149
Total	\$ 836,993	\$ 897,407

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

	Three months ended September 30, 2020	Three months ended September 30, 2019
Loss on sale of securities - dealer	(\$ 394,462)	(\$ 302,457)
Loss on sale of securities - underwriting	( 1,394)	( 42,570)
(Loss) gain on sale of securities - hedging	( 167,543)	5,792
Total	<u>(\$ 563,399)</u>	<u>(\$ 339,235)</u>
	Nine months ended September 30, 2020	Nine months ended September 30, 2019
(Loss) gain on sale of securities - dealer	(\$ 158,125)	\$ 345,453
Loss on sale of securities - underwriting	( 66,827)	( 27,412)
(Loss) gain on sale of securities - hedging	( 209,096)	23,518
Total	<u>(\$ 434,048)</u>	<u>\$ 341,559</u>

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

	Three months ended September 30, 2020	Three months ended September 30, 2019
Gain (loss) from the bond investments under resale agreements	\$ 234	(\$ 16)
Gain (loss) from securities borrowing transactions - dealer	48,207	( 46,551)
Loss from covering - warrants	( 9,833)	( 4,149)
Loss from securities borrowing transactions - PGN	( 4,644)	( 545)
(Loss) gain from covering - PGN	( 321)	2,869
Loss from securities borrowing transactions - equity options	( 17,515)	-
Gain from covering - equity options	621	-
Total	<u>\$ 16,749</u>	<u>(\$ 48,392)</u>
	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Loss from the bond investments under resale agreements	(\$ 5,922)	(\$ 6,561)
Gain (loss) from securities borrowing transactions - dealer	280,414	( 26,682)
Gain (loss) from covering - warrants	10,023	( 2,631)
Loss from securities borrowing transactions - PGN	( 147)	( 545)
Gain from covering - PGN	2,975	2,869
Loss from securities borrowing transactions - equity options	( 25,566)	-
Loss from covering - equity options	( 447)	-
Total	<u>\$ 261,330</u>	<u>(\$ 33,550)</u>

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

	Three months ended September 30, 2020	Three months ended September 30, 2019
Valuation (loss) gain from securities		
borrowing transactions - dealer	(\$ 44,823)	\$ 6,372
Valuation gain from covering - warrants	8,008	4,088
Valuation gain (loss) from covering - PGN	65	( 8,353)
Valuation gain from the bond		
investments under resale agreements	-	7
Valuation gain from securities		
borrowing transactions - PGN	3,127	-
Valuation gain from securities		
borrowing transactions - equity options	33	-
Valuation loss from covering - equity options	( 1,605)	-
Total	<u>(\$ 35,195)</u>	<u>\$ 2,114</u>
	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Valuation loss from securities		
borrowing transactions - dealer	(\$ 16,770)	(\$ 21,191)
Valuation gain (loss) from covering - warrants	8,101	( 5,645)
Valuation gain (loss) from covering - PGN	65	( 8,353)
Valuation gain from the bond		
investments under resale agreements	-	3,103
Valuation gain from securities		
borrowing transactions - equity options	33	-
Valuation gain from covering - equity options	13,371	-
Total	<u>\$ 4,800</u>	<u>(\$ 32,086)</u>

36) Gain from issuance of call (put) warrants

	Three months ended September 30, 2020	Three months ended September 30, 2019
Gain on changes in fair value of call		
(put) warrant liabilities and redemption	\$ 307,936	\$ 45,844
Loss on exercise of call (put) warrants		
before maturity	( 32,941)	( 7,990)
Expenses arising out of issuance of call		
(put) warrants	( 43,232)	( 22,539)
Total	<u>\$ 231,763</u>	<u>\$ 15,315</u>

	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Gain on changes in fair value of call (put) warrant liabilities and redemption	\$ 502,507	\$ 187,852
Loss on exercise of call (put) warrants before maturity	( 71,517)	( 18,023)
Expenses arising out of issuance of call (put) warrants	( 111,341)	( 53,841)
Total	<u>\$ 319,649</u>	<u>\$ 115,988</u>

37) Gain (loss) from derivatives

	Three months ended September 30, 2020	Three months ended September 30, 2019
Futures contract gain	\$ 40,644	\$ 101,663
Option trading gain (loss)	19,600	( 19,555)
(Loss) gain on foreign exchange derivatives	( 41,206)	13,757
Others	( 125,309)	( 22,794)
Total	<u>(\$ 106,271)</u>	<u>\$ 73,071</u>

	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Futures contract gain (loss)	\$ 544,167	(\$ 202,827)
Option trading loss	( 210,728)	( 88,397)
Loss on foreign exchange derivatives	( 3,295)	( 3,545)
Others	( 170,029)	( 58,461)
Total	<u>\$ 160,115</u>	<u>(\$ 353,230)</u>

38) Impairment loss and reversal of impairment loss

	Three months ended September 30, 2020	Three months ended September 30, 2019
Reversal of provision for impairment	\$ 487	(\$ 2,028)
Recovery of bad debts	12	637
Total	<u>\$ 499</u>	<u>\$ (1,391)</u>

	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Provision for impairment	(\$ 4,898)	(\$ 2,109)
Recovery of bad debts	34	662
Total	<u>(\$ 4,864)</u>	<u>(\$ 1,447)</u>

39) Other operating income

	Three months ended September 30, 2020	Three months ended September 30, 2019
Income from securities lending	\$ 37,706	\$ 32,824
Net currency exchange (loss) gain	( 127,877)	212,963
Handling fee revenues from funds	12,089	11,704
Others	19,588	21,433
Total	<u>(\$ 58,494)</u>	<u>\$ 278,924</u>

  

	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Income from securities lending	\$ 101,305	\$ 77,327
Net currency exchange (loss) gain	( 118,974)	204,727
Handling fee revenues from funds	35,346	33,834
Others	52,920	57,466
Total	<u>\$ 70,597</u>	<u>\$ 373,354</u>

40) Handling charges

	Three months ended September 30, 2020	Three months ended September 30, 2019
Brokerage handling fee expense	\$ 106,983	\$ 66,019
Dealer handling fee expense	37,973	71,824
Refinancing processing fee expense	1,111	620
Total	<u>\$ 146,067</u>	<u>\$ 138,463</u>

  

	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Brokerage handling fee expense	\$ 275,211	\$ 182,096
Dealer handling fee expense	133,918	219,983
Refinancing processing fee expense	3,072	1,393
Total	<u>\$ 412,201</u>	<u>\$ 403,472</u>

41) Financial costs

	Three months ended September 30, 2020	Three months ended September 30, 2019
Interest expense from repurchase agreements	\$ 29,711	\$ 103,341
Loans interest expense	17,022	31,729
Other interest expense	2,747	5,088
Total	<u>\$ 49,480</u>	<u>\$ 140,158</u>

	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Interest expense from repurchase agreements	\$ 158,391	\$ 293,610
Loans interest expense	68,654	103,348
Other interest expense	10,888	14,781
Total	<u>\$ 237,933</u>	<u>\$ 411,739</u>

42) Employee benefits expense

	Three months ended September 30, 2020	Three months ended September 30, 2019
Salaries	\$ 839,559	\$ 508,164
Labor and health insurance	35,159	31,714
Pension	19,566	17,684
Other employee benefits	33,731	26,507
Total	<u>\$ 928,015</u>	<u>\$ 584,069</u>

	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Salaries	\$ 1,992,306	\$ 1,433,985
Labor and health insurance	105,252	94,817
Pension	56,597	52,801
Other employee benefits	94,398	80,437
Total	<u>\$ 2,248,553</u>	<u>\$ 1,662,040</u>

- 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 and nine months ended September 30, 2020 and 2019, employees' compensation was accrued at \$29,642, \$13,703, \$44,055 and \$37,792, respectively; directors' remuneration was accrued at \$29,642, \$13,703, \$44,055 and \$37,792, respectively. The aforementioned amounts were recognized in salary expenses.
- C. For the nine months ended September 30, 2020, 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.

43) Depreciation and amortization

	Three months ended September 30, 2020	Three months ended September 30, 2019
Depreciation	\$ 45,817	\$ 44,959
Amortization	7,330	6,733
Total	<u>\$ 53,147</u>	<u>\$ 51,692</u>
	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Depreciation	\$ 135,141	\$ 136,087
Amortization	20,507	17,929
Total	<u>\$ 155,648</u>	<u>\$ 154,016</u>

44) Other operating expenses

	Three months ended September 30, 2020	Three months ended September 30, 2019
Taxes	\$ 235,735	\$ 139,895
Computer information expenses	40,614	39,766
Postage	21,532	18,682
Security lending expenses	21,884	26,283
Others	107,216	89,149
Total	<u>\$ 426,981</u>	<u>\$ 313,775</u>
	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Taxes	\$ 579,931	\$ 407,938
Computer information expenses	118,771	119,558
Postage	63,655	53,746
Security lending expenses	68,243	58,518
Others	286,020	246,213
Total	<u>\$ 1,116,620</u>	<u>\$ 885,973</u>

45) Other gains and losses

	Three months ended September 30, 2020	Three months ended September 30, 2019
Financial income	\$ 32,467	\$ 47,964
(Loss) gain on disposal of investments	( 16,521)	8,635
Gain (loss) on valuation of non-operating financial instruments	3,315 (	5,769)
Net currency exchange loss	( 1,556) (	1,968)
Other non-operating revenues	38,760	33,496
Total	<u>\$ 56,465</u>	<u>\$ 82,358</u>

	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Financial income	\$ 122,026	\$ 141,602
(Loss) gain on disposal of investments	( 70,987)	22,905
Gain on valuation of non-operating financial instruments	5,996	2,599
Net currency exchange (loss) gain	( 4,270)	173
Other non-operating revenues	139,692	123,039
Total	<u>\$ 192,457</u>	<u>\$ 290,318</u>

46) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Three months ended September 30, 2020	Three months ended September 30, 2019
Current tax:		
Current tax on profits for the periods	\$ 199,935	\$ 86,331
Prior year income tax overestimation	( 14,269)	-
Total current tax	<u>185,666</u>	<u>86,331</u>
Deferred taxes:		
Temporary differences	( 28,916)	8,426
Total deferred taxes	<u>( 28,916)</u>	<u>8,426</u>
Income tax expense	<u>\$ 156,750</u>	<u>\$ 94,757</u>
	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Current tax:		
Current tax on profits for the periods	\$ 246,768	\$ 150,065
Prior year income tax overestimation	( 5,801)	( 1,174)
Total current tax	<u>240,967</u>	<u>148,891</u>
Deferred taxes:		
Temporary differences	4,206	10,242
Total deferred taxes	<u>4,206</u>	<u>10,242</u>
Income tax expense	<u>\$ 245,173</u>	<u>\$ 159,133</u>

- 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 \$2,822. The Company disagreed with the assessment and had filed for administrative remedy and had recognized the income tax expense based on the assessment.



47) Earnings per share

Three months ended September 30, 2020		
	Weighted-average outstanding common shares (In thousands)	Earnings per share (In dollars)
Amount after tax		
<u>Basic earnings per share</u>		
Net income attributable to common shareholders	\$ 1,280,350	1,399,838
		<u>\$ 0.91</u>
<u>Dilutive effect of common stock equivalents</u>		
Employee bonus	-	1,777
	<u>\$ 1,280,350</u>	<u>1,401,615</u>
		<u>\$ 0.91</u>
Three months ended September 30, 2019		
	Weighted-average outstanding common shares (In thousands)	Earnings per share (In dollars)
Amount after tax		
<u>Basic earnings per share</u>		
Net income attributable to common shareholders	\$ 571,333	1,401,294
		<u>\$ 0.41</u>
<u>Dilutive effect of common stock equivalents</u>		
Employee bonus	-	1,183
	<u>\$ 571,333</u>	<u>1,402,477</u>
		<u>\$ 0.41</u>
Nine months ended September 30, 2020		
	Weighted-average outstanding common shares (In thousands)	Earnings per share (In dollars)
Amount after tax		
<u>Basic earnings per share</u>		
Net income attributable to common shareholders	\$ 1,905,130	1,399,838
		<u>\$ 1.36</u>
<u>Dilutive effect of common stock equivalents</u>		
Employee bonus	-	2,833
	<u>\$ 1,905,130</u>	<u>1,402,671</u>
		<u>\$ 1.36</u>

	Nine months ended September 30, 2019		
	Amount after tax	Weighted-average outstanding common shares (In thousands)	Earnings per share (In dollars)
<u>Basic earnings per share</u>			
Net income attributable to common shareholders	\$ 1,678,685	1,401,294	<u>\$ 1.20</u>
<u>Dilutive effect of common stock equivalents</u>			
Employee bonus	-	2,976	
	<u>\$ 1,678,685</u>	<u>1,404,270</u>	<u>\$ 1.20</u>

The above-mentioned weighted average number of outstanding shares has been adjusted based on the proportion of capital increase on August 4, 2020, and the earnings per share for the three and nine months ended September 30, 2019 have been recalculated.

## 7. RELATED PARTY TRANSACTIONS

### 1) Names and relationships of related parties

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

2) Significant related party transactions and balances

A. Accounts receivable

	<u>September 30, 2020</u>	<u>December 31, 2019</u>
Entity having significant influence on the company:		
Uni-President Enterprises Corp.	\$ 328	\$ 274
Other related party:		
ScinoPharm Taiwan, Ltd.	646	515
President Chain Store Corp. (PCSC)	385	161
Others	73	53
Total	<u>\$ 1,432</u>	<u>\$ 1,003</u>
		<u>September 30, 2019</u>
Entity having significant influence on the company:		
Uni-President Enterprises Corp.		\$ 321
Associate:		
Uni-President Assets Management Corp.		10
Other related party:		
ScinoPharm Taiwan, Ltd.		663
Ton Yi Industrial Corp.		100
President Chain Store Corp. (PCSC)		161
Others		105
Total		<u>\$ 1,360</u>

B. Other receivables

	<u>September 30, 2019</u>
Other related party:	
President Tokyo Co., Ltd.	\$ 785
Others	9
Total	<u>\$ 794</u>

There were no transaction with related party as at September 30, 2020 and December 31, 2019.

C. Guarantee deposit received

	<u>September 30, 2020</u>	<u>December 31, 2019</u>
Associate:		
Uni-President Assets Management Corp.	\$ 1,044	\$ 1,044
Other related party:		
President Tokyo Co., Ltd.	1,434	1,434
Total	<u>\$ 2,478</u>	<u>\$ 2,478</u>

	<u>September 30, 2019</u>
Associate:	
Uni-President Assets Management Corp.	\$ 1,044
Other related party:	
President Tokyo Co., Ltd.	<u>1,434</u>
Total	<u>\$ 2,478</u>

D. Accounts payable

	<u>September 30, 2020</u>	<u>December 31, 2019</u>
Other related party:		
President Tokyo Co., Ltd.	<u>\$ 300</u>	<u>\$ 452</u>

There were no transaction with related party as at September 30, 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

	<u>September 30, 2020</u>	<u>December 31, 2019</u>
Other related party:		
President Tokyo Co., Ltd.	<u>\$ 10,705</u>	<u>\$ 8,599</u>

	<u>September 30, 2019</u>
Other related party:	
President Tokyo Co., Ltd.	<u>\$ 7,704</u>

b. Disposition of right-of-use assets

	<u>September 30, 2020</u>	<u>December 31, 2019</u>
Other related party:		
President Tokyo Co., Ltd.	<u>\$ —</u>	<u>\$ 1,887</u>

	<u>September 30, 2019</u>
Other related party:	
President Tokyo Co., Ltd.	<u>\$ 1,887</u>

(C) Lease liabilities

a. Lease liabilities — current

	<u>September 30, 2020</u>	<u>December 31, 2019</u>
Other related party:		
President Tokyo Co., Ltd.	<u>\$ 7,106</u>	<u>\$ 5,775</u>

		<u>September 30, 2019</u>
Other related party:		
President Tokyo Co., Ltd.		<u>\$ 5,997</u>

b. Lease liabilities — non-current

	<u>September 30, 2020</u>	<u>December 31, 2019</u>
Other related party:		
President Tokyo Co., Ltd.	<u>\$ 15,841</u>	<u>\$ 11,325</u>

	<u>September 30, 2019</u>
Other related party:	
President Tokyo Co., Ltd.	<u>\$ 11,860</u>

c. Interest expense

	<u>Three months ended September 30, 2020</u>	<u>Three months ended September 30, 2019</u>
Other related party:		
President Tokyo Co., Ltd.	<u>\$ 47</u>	<u>\$ 35</u>

	<u>Nine months ended September 30, 2020</u>	<u>Nine months ended September 30, 2019</u>
Other related party:		
President Tokyo Co., Ltd.	\$ 106	\$ 90
Other	-	1
Total	<u>\$ 106</u>	<u>\$ 91</u>

d. Gain on lease modification

	<u>Nine months ended September 30, 2020</u>	<u>Nine months ended September 30, 2019</u>
Other related party:		
President Tokyo Co., Ltd.	<u>\$ -</u>	<u>\$ 26</u>

There were no transaction with related party as during the three months ended September 30, 2020 and 2019.

F. Bonds sold under repurchase agreements

	<u>September 30, 2020</u>	<u>December 31, 2019</u>
Other related party:		
Cayman President Holdings, Ltd.	\$ 218,331	\$ -
President Life Sciences Cayman Co., Ltd	-	24,475
Total	<u>\$ 218,331</u>	<u>\$ 24,475</u>

	<u>September 30, 2019</u>
Other related party:	
President Life Sciences Cayman Co., Ltd	\$ <u>25,178</u>

G. Handling fee revenue

	<u>Three months ended September 30, 2020</u>	<u>Three months ended September 30, 2019</u>
Security investment trust fund raised by the Uni-President Asset Management Corp.:		
Uni-President Asset Management Corp.	\$ 13,657	\$ 6,631
Other related party:		
Other	<u>765</u>	<u>165</u>
Total	<u>\$ 14,422</u>	<u>\$ 6,796</u>
	<u>Nine months ended September 30, 2020</u>	<u>Nine months ended September 30, 2019</u>
Security investment trust fund raised by the Uni-President Asset Management Corp.:		
Uni-President Asset Management Corp.	\$ 34,448	\$ 17,242
Other related party:		
Other	<u>1,946</u>	<u>685</u>
Total	<u>\$ 36,394</u>	<u>\$ 17,927</u>

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

	<u>Three months ended September 30, 2020</u>	<u>Three months ended September 30, 2019</u>
Associates:		
Uni-President Assets Management Corp.	\$ <u>1,308</u>	\$ <u>1,195</u>
	<u>Nine months ended September 30, 2020</u>	<u>Nine months ended September 30, 2019</u>
Associates:		
Uni-President Assets Management Corp.	\$ <u>3,984</u>	\$ <u>4,227</u>

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

I. Other operating revenue - consultation revenue

	Three months ended September 30, 2020
Associates:	
Uni-President Assets Management Corp.	\$ 600
	Nine months ended September 30, 2020

Associates:	
Uni-President Assets Management Corp.	\$ 1,800

There were no transaction with related party for the nine months ended September 30, 2019.

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

	Three months ended September 30, 2020	Three months ended September 30, 2019
Associates:		
Uni-President Assets Management Corp.	\$ 11,513	\$ 11,370
	Nine months ended September 30, 2020	Nine months ended September 30, 2019

Associates:		
Uni-President Assets Management Corp.	\$ 33,865	\$ 32,472

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

K. Rent income

	Period	Deposit	Three months ended September 30, 2020	Three months ended September 30, 2019
Associates:				
Uni-President Assets Management Corp.	2016.01.01~2024.03.31	\$ 1,044	\$ 1,755	\$ 1,752
Other related party:				
President Tokyo Co., Ltd.	2018.04.01~2024.03.31	1,434	2,355	2,355
Total			\$ 4,110	\$ 4,107

	Period	Deposit	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Associates:				
Uni-President Assets Management Corp.	2016.01.01~2024.03.31	\$ 1,044	\$ 5,084	\$ 5,293
Other related party:				
President Tokyo Co., Ltd.	2018.04.01~2024.03.31	1,434	7,066	7,066
Total			\$ 12,150	\$ 12,359

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.

L. Revenues from underwriting business

	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Entity having significant influence on the company:		
Uni-President Enterprises Corp.	\$ 300	\$ -

There were no transaction with related party for the three months ended September 30, 2020 and 2019.

M. Stock custodian income

	Three months ended September 30, 2020	Three months ended September 30, 2019
Entity having significant influence on the company:		
Uni-President Enterprises Corp.	\$ 980	\$ 905
Associate:		
Uni-President Assets Management Corp.	30	31
Other related party:		
ScinoPharm Taiwan, Ltd.	821	662
Ton Yi Industrial Corp.	300	306
President Chain Store Corp. (PCSC)	547	501
Others	167	166
Total	\$ 2,845	\$ 2,571
	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Entity having significant influence on the company:		
Uni-President Enterprises Corp.	\$ 2,723	\$ 2,684
Associate:		
Uni-President Assets Management Corp.	105	103
Other related party:		
ScinoPharm Taiwan, Ltd.	2,037	1,856
Ton Yi Industrial Corp.	919	925
President Chain Store Corp. (PCSC)	1,530	1,446
Others	504	504
Total	\$ 7,818	\$ 7,518

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



N. Loss from derivatives

	<u>Three months ended September 30, 2020</u>
Other related party:	
Cayman President Holdings, Ltd.	(\$ 7)
	<u>Nine months ended September 30, 2020</u>

Other related party:	
Cayman President Holdings, Ltd.	(\$ 1,183)

There were no transaction with related party for the nine months ended September 30, 2019.

O. Other operating expenses - equipment rental and copy expense

	<u>Three months ended September 30, 2020</u>	<u>Three months ended September 30, 2019</u>
Other related party:		
President Tokyo Co., Ltd.	\$ 298	\$ 45
	<u>Nine months ended September 30, 2020</u>	<u>Nine months ended September 30, 2019</u>
Other related party:		
President Tokyo Co., Ltd.	\$ 1,701	\$ 152

P. Financial expense

	<u>Three months ended September 30, 2020</u>	<u>Three months ended September 30, 2019</u>
Other related party:		
Cayman President Holdings, Ltd.	\$ 313	\$ 12
President Life Sciences Cayman Co., Ltd	( 1)	169
President (BVI) International Investment Holdings Ltd.	( 4)	-
Total	<u>\$ 308</u>	<u>\$ 181</u>
	<u>Nine months ended September 30, 2020</u>	<u>Nine months ended September 30, 2019</u>
Other related party:		
Cayman President Holdings, Ltd.	\$ 491	\$ 1,484
President Life Sciences Cayman Co., Ltd	214	380
President (BVI) International Investment Holdings Ltd.	569	-
Total	<u>\$ 1,274</u>	<u>\$ 1,864</u>

Q. Purchases of trading securities – dealer

	<u>September 30, 2020</u>		<u>Three months ended September 30, 2020</u>	<u>Nine months ended September 30, 2020</u>
	<u>Ending Shares (In thousands)</u>	<u>Ending Balance</u>	<u>Gain (loss)</u>	<u>Gain (loss)</u>
Entity having significant influence on the company:				
Uni-President Enterprises Corp.	51	\$ 3,188	(\$ 67)	(\$ 2,017)
Security investment trust fund raised by the Uni-President Asset Management Corp.:				
Uni-President Asset Management Corp.	-	10,308	-	-
Other related parties:				
President Chain Store Corp	1	263	( 59)	( 99)
ScinoPharm Taiwan, Ltd.	-	-	-	( 47)
Other	-	-	( 2)	( 1)
Total		<u>\$ 13,759</u>	<u>(\$ 128)</u>	<u>(\$ 2,164)</u>
			<u>Year ended</u>	
	<u>December 31, 2019</u>		<u>December 31, 2019</u>	
	<u>Ending Shares (In thousands)</u>	<u>Ending Balance</u>	<u>Gain (loss)</u>	
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:				
Ton Yi Industrial Corp.	-	-		
President Chain Store Corp	-	-	( 209)	
Total		<u>\$ 15,916</u>	<u>(\$ 2,667)</u>	

	<u>September 30, 2019</u>		<u>Three months ended</u>	<u>Nine months ended</u>
	<u>Ending Shares</u>	<u>Ending</u>	<u>September 30, 2019</u>	<u>September 30, 2019</u>
	<u>(In thousands)</u>	<u>Balance</u>	<u>Gain (loss)</u>	<u>Gain (loss)</u>
Entity having significant influence on the company:				
Uni-President Enterprises Corp.	50	\$ 3,740	(\$ 2,867)	(\$ 2,361)
Security investment trust fund raised by the Uni-President Asset Management Corp.:				
Uni-President Asset Management Corp.	-	10,262	-	-
Other related parties:				
Ton Yi Industrial Corp.	-	-	-	-
President Chain Store Corp	9	2,610	( 230)	( 353)
Total		<u>\$ 16,612</u>	<u>(\$ 3,097)</u>	<u>(\$ 2,714)</u>

R. Compensation of key management personnel

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

	<u>Three months ended</u>	<u>Three months ended</u>
	<u>September 30, 2020</u>	<u>September 30, 2019</u>
Salary and short-term employee benefits	\$ 49,701	\$ 31,240
Retirement benefits	340	351
Other long-term employee benefits	-	-
Termination benefits	-	-
Share-based payment	-	-
Total	<u>\$ 50,041</u>	<u>\$ 31,591</u>
	<u>Nine months ended</u>	<u>Nine months ended</u>
	<u>September 30, 2020</u>	<u>September 30, 2019</u>
Salary and short-term employee benefits	\$ 137,647	\$ 104,226
Retirement benefits	1,001	1,099
Other long-term employee benefits	-	-
Termination benefits	-	-
Share-based payment	-	-
Total	<u>\$ 138,648</u>	<u>\$ 105,325</u>

## 8. PLEDGED ASSETS

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

Assets	September 30, 2020	December 31, 2019	Purposes
Financial assets at fair value through profit or loss - current:			
Trading securities (par value)			
- Corporate bonds	\$ 1,150,000	\$ 1,600,000	Securities for bonds sold under repurchase agreements
- Government bonds	2,793,800	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	14,351,642	12,421,911	Securities for bonds sold under repurchase agreements
- International bonds	1,897,597	4,110,169	Securities for bonds sold under repurchase agreements
Financial assets at fair value through other comprehensive income - current			
- Overseas bonds (par value)	1,530,660	-	Securities for bonds sold under repurchase agreements
Restricted assets:			
- Demand deposits	3,430,336	735	Collections on behalf of third parties and reimbursement for wages and stocks
- Pledged time deposits	528,011	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)	1,103,108	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	2,181	2,000	Security deposits

Assets	September 30, 2019	Purposes
Financial assets at fair value through profit or loss - current:		
Trading securities (par value)		
- Corporate bonds	\$ 1,400,000	Securities for bonds sold under repurchase agreements
- Government bonds	2,845,100	Securities for bonds sold under repurchase agreements
- Bank debentures	- 500,000	Securities for bonds sold under repurchase agreements
- International bonds	13,687,094	Securities for bonds sold under repurchase agreements
- Overseas bonds	4,053,764	Securities for bonds sold under repurchase agreements
Financial assets at fair value through other comprehensive income - current		
- Overseas bonds (par value)	310,400	Securities for bonds sold under repurchase agreements
Restricted assets:		
- Demand deposits	728	Collections on behalf of third parties and reimbursement for wages and stocks
- Pledged time deposits	534,968	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
Property and equipment		
- Land and buildings (book value)	1,108,467	Securities for short-term loans and guarantees for issuance of commercial papers
Pledged time deposits		
- Operating guarantee deposits	670,000	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. 33% 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 6(10).  
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 6(10).

(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 Group regularly assesses its customer line of credit and implements appropriate credit control. 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.

(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 losses are recognized for assets in Stage 2 and Stage 3.

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

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 Consideration of forward-looking information

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 September 30, 2020, movements in loss allowance for investments in debt instruments at fair value through other comprehensive income are as follows:

	Nine months ended September 30, 2020			
	12 months	Lifetime		Total
		Significant increase in credit risk	Impairment of credit	
At January 1	\$ -	\$ -	\$ -	\$ -
Provision for impairment	526	-	-	526
At September 30	<u>\$ 526</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 526</u>

At December 31, 2019 and September 30, 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:

	Nine months ended September 30, 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	1,429	( 95)	686	2,352	4,372
At September 30	<u>\$ 45,235</u>	<u>\$ 561</u>	<u>\$ 740</u>	<u>\$ 242,425</u>	<u>\$ 288,961</u>

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
Write-offs	-	-	( 10,532)	-	( 10,532)
Derecognized	-	-	( 498)	( 274)	( 772)
Effect of foreign exchange	-	-	( 15)	-	( 15)
Transfers	( 37,930)	( 2,533)	-	40,463	-
At December 31	<u>\$ 43,806</u>	<u>\$ 656</u>	<u>\$ 54</u>	<u>\$ 240,073</u>	<u>\$ 284,589</u>
Nine months ended September 30, 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	14,240	632	( 234)	( 12,529)	2,109
Reversal of impairment	-	-	( 516)	-	( 516)
Effect of foreign exchange	-	-	5	-	5
Transfers	( 37,930)	( 2,533)	-	40,463	-
At September 30	<u>\$ 37,979</u>	<u>\$ 760</u>	<u>\$ 10,588</u>	<u>\$ 241,009</u>	<u>\$ 290,336</u>

### 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.

(Blank below)

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

	September 30, 2020				
	Immediately	Less than 3 months	3-12 months	1-5 years	Total
Short-term loans	\$ -	\$ 5,864,412	\$ -	\$ -	\$ 5,864,412
Commercial papers payable	-	6,300,000	-	-	6,300,000
Financial liabilities at fair value through profit or loss-current					
Non-derivative financial liabilities	508,247	-	-	-	508,247
Derivative financial liabilities	1,340,224	-	32,401	-	1,372,625
Bonds sold under repurchase agreements	-	21,061,153	-	-	21,061,153
Deposits on short sales	1,195,317	-	-	-	1,195,317
Deposits payable for securities financing	1,566,414	-	-	-	1,566,414
Securities lending refundable deposits	-	463,039	380	-	463,419
Futures traders' equity	22,166,922	-	-	-	22,166,922
Accounts payable (includes notes payable)	12,049,370	45,605	-	-	12,094,975
Collections on behalf of third parties	3,874,478	30,224	-	79,617	3,984,319
Other payables	257	269,340	1,223,346	-	1,492,943
Other financial liabilities -current	-	2,470,147	1,566,793	-	4,036,940
Lease liabilities	-	20,795	67,946	124,232	212,973
Total	<u>\$ 42,701,229</u>	<u>\$ 36,524,715</u>	<u>\$ 2,890,866</u>	<u>\$ 203,849</u>	<u>\$ 82,320,659</u>



	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	<u>\$ 31,641,051</u>	<u>\$ 34,851,192</u>	<u>\$ 2,046,565</u>	<u>\$ 270,744</u>	<u>\$ 68,809,552</u>

	September 30, 2019				
	Immediately	Less than 3 months	3-12 months	1-5 years	Total
Short-term loans	\$ 1,824,000	\$ 828,148	\$ -	\$ -	\$ 2,652,148
Commercial papers payable	300,000	5,700,000	-	-	6,000,000
Financial liabilities at fair value through profit or loss-current					
Non-derivative financial					
liabilities	365,636	-	-	-	365,636
Derivative financial liabilities	274,129	-	-	-	274,129
Bonds sold under repurchase agreements	-	21,756,175	-	-	21,756,175
Deposits on short sales	1,436,227	-	-	-	1,436,227
Deposits payable for securities financing	1,730,162	-	-	-	1,730,162
Securities lending refundable deposits	-	24,199	5,852	-	30,051
Futures traders' equity	12,901,104	-	-	-	12,901,104
Accounts payable (includes notes payable)	14,042,358	43,571	-	-	14,085,929
Collections on behalf of third parties	427,988	22,248	-	86,860	537,096
Other payables	-	231,628	750,321	-	981,949
Other financial liabilities -current	-	2,414,696	892,113	-	3,306,809
Lease liabilities	-	8,133	84,360	154,358	246,851
Total	<u>\$ 33,301,604</u>	<u>\$ 31,028,798</u>	<u>\$ 1,732,646</u>	<u>\$ 241,218</u>	<u>\$ 66,304,266</u>

#### 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	
Nine months ended September 30, 2020		Nine months ended September 30, 2019	
	Amount		Amount
September 30, 2020	\$ 106,959	September 30, 2019	\$ 65,541
VaR Maximum	276,264	VaR Maximum	170,328
VaR Average	169,930	VaR Average	92,735
VaR Minimum	77,219	VaR Minimum	27,505

Statistical table for VaR of various risk indicators of transactions			
Nine months ended September 30, 2020			
	Foreign exchange	Interest	Share ownership
September 30, 2020	\$ 5,496	\$ 19,566	\$ 104,121
VaR Maximum	55,596	91,620	268,560
VaR Average	8,166	43,090	166,856
VaR Minimum	1,495	15,428	73,478
Nine months ended September 30, 2019			
	Foreign exchange	Interest	Share ownership
September 30, 2019	\$ 3,661	\$ 38,509	\$ 63,591
VaR Maximum	29,951	72,934	171,470
VaR Average	7,746	38,614	90,384
VaR Minimum	1,698	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 September 30, 2020, December 31, 2019 and September 30, 2019 :

September 30, 2020							
	USD	EUR	AUD	RMB	HKD	Others	Total
<u>Financial assets in foreign currencies</u>							
Cash and cash equivalents	\$ 687,676	\$ 2,725	\$ 2,086	\$ 212,750	\$ 360,955	\$ 150,368	\$ 1,416,560
Financial assets at fair value through profit or loss	13,684,363	2,490,331	1,003,223	1,646,261	62,787	359,984	19,246,949
Financial assets at fair value through other comprehensive income - current	1,762,587	-	-	-	-	-	1,762,587
Investments accounted for under equity method	-	-	-	2,469,810	-	-	2,469,810
Others	8,019,062	94,800	5,911	78,606	6,696,174	598,450	15,493,003
<u>Financial liabilities in foreign currencies</u>							
Short-term loans	870,090	-	-	-	4,994,322	-	5,864,412
Financial liabilities at fair value through profit or loss	63,039	355	1,713	8,188	77	921	74,293
Bonds sold under repurchase agreements	12,848,793	2,101,847	558,911	1,000,286	-	224,006	16,733,843
Others	9,952,284	118,322	357	155,864	800,046	616,279	11,643,152

Note: As of September 30, 2020, foreign exchange rates of the above currencies to TWD were 1 USD = 29.100 TWD; 1 EUR= 34.150 TWD; 1 AUD= 20.715 TWD; 1 RMB= 4.269 TWD; and 1 HKD= 3.754 TWD, respectively.

December 31, 2019							
	USD	EUR	AUD	RMB	HKD	Others	Total
<u>Financial assets in foreign currencies</u>							
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
<u>Financial liabilities in foreign currencies</u>							
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.

	September 30, 2019						
	USD	EUR	AUD	RMB	HKD	Others	Total
<u>Financial assets in foreign currencies</u>							
Cash and cash equivalents	\$ 1,574,833	\$ 53,863	\$ 2,989	\$ 442,098	\$ 650,455	\$ 245,474	\$ 2,969,712
Financial assets at fair value through profit or loss	16,136,145	2,142,332	483,511	1,206,679	52,938	152,836	20,174,441
Financial assets at fair value through other comprehensive income - current	307,235	-	-	-	-	-	307,235
Others	10,493,378	469,140	204,066	120,956	1,774,112	104,079	13,165,731
<u>Financial liabilities in foreign currencies</u>							
Short-term loans	1,992,148	-	-	-	-	-	1,992,148
Financial liabilities at fair value through profit or loss	13,811	-	168	10,208	33	22	24,242
Bonds sold under repurchase agreements	13,850,049	1,496,400	402,136	1,050,471	-	114,328	16,913,384
Others	11,428,175	481,386	122,572	669,264	951,492	46,097	13,698,986

Note: As of September 30, 2019, foreign exchange rates of the above currencies to TWD were 1 USD = 31.040 TWD; 1 EUR= 33.950 TWD; 1 AUD= 20.965 TWD; 1 RMB= 4.350 TWD; and 1 HKD= 3.958 TWD, respectively.

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 and nine months ended September 30, 2020 and 2019, amounted to (\$129,433), \$210,995, (\$123,244) and \$204,900, 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)
<u>Non-financial assets</u>				
<u>September 30, 2020</u>				
Investment property	\$ 674,513	\$ -	\$ 674,513	\$ -
<u>December 31, 2019</u>				
Investment property	665,646	-	665,646	-
<u>September 30, 2019</u>				
Investment property	616,508	-	616,508	-

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 available-for-sale financial assets 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 nine months ended September 30, 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	September 30, 2020			
	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	\$ 7,389,474	\$ 7,344,423	\$ 30,808	\$ 14,243
Bond investments	23,622,050	1,071,830	22,550,220	-
Others	2,833,022	2,833,022	-	-
Financial assets at fair value through other comprehensive income-current				
Stock investments	1,524,355	1,524,355	-	-
Bond investments	1,762,587	1,762,587	-	-
Financial assets at fair value through profit or loss - non-current				
Stock investments	16,257	-	-	16,257
Bond investments	50,493	-	50,493	-
Financial assets at fair value through other comprehensive income-non-current				
Stock investments	667,665	-	-	667,665
Liabilities				
Financial liabilities at fair value through profit or loss - current				
	508,247	508,247	-	-
<u>Derivative financial instruments</u>				
Assets				
Financial assets at fair value through profit or loss-current	3,706,713	3,695,613	11,100	-
Liabilities				
Financial liabilities at fair value through profit or loss - current	1,372,625	1,189,297	183,328	-



Financial instrument items measured at fair value	December 31, 2019			
	Total	Level 1	Level 2	Level 3
<u>Recurring fair value</u>				
<u>Non-derivative financial</u>				
<u>instruments</u>				
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				
- non-current				
Stock investments	21,180	-	-	21,180
Bond investments	50,116	-	50,116	-
Financial assets at fair value through other comprehensive income-non-current				
Stock investments	591,596	-	-	591,596
Liabilities				
Financial liabilities at fair value through profit or loss				
-current	391,227	391,227	-	-
<u>Derivative financial</u>				
<u>instruments</u>				
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	-

Financial instrument items measured at fair value	September 30, 2019			
	Total	Level 1	Level 2	Level 3
<u>Recurring fair value</u>				
<u>Non-derivative financial</u>				
<u>instruments</u>				
Assets				
Financial assets at fair value through profit or loss-current				
Stock investments	\$ 7,622,814	\$ 7,524,294	\$ 57,088	\$ 41,432
Bond investments	24,971,319	1,067,634	23,903,685	-
Others	3,757,609	3,757,609	-	-
Financial assets at fair value through other comprehensive income-current				
Bond investments	307,235	307,235	-	-
Financial assets at fair value through profit or loss - non-current				
Stock investments	17,124	-	-	17,124
Bond investments	50,095	-	50,095	-
Financial assets at fair value through other comprehensive income-non-current				
Stock investments	782,971	-	-	782,971
Liabilities				
Financial liabilities at fair value through profit or loss -current				
	365,636	365,636	-	-
<u>Derivative financial</u>				
<u>instruments</u>				
Assets				
Financial assets at fair value through profit or loss-current	3,571,688	3,561,040	10,648	-
Liabilities				
Financial liabilities at fair value through profit or loss - current				
	274,129	246,535	27,594	-

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

Nine months ended September 30, 2020								
	Valuation amount			Increased		Decreased		
		Recorded in	Recorded in other	Acquired/	Transfers		Transfers out	
	January 1	profit or loss	comprehensive	Issued	into	Sold/ Settled	from level 3	September 30
			income (loss)		level 3			
Financial assets at fair value through profit or loss- current								
Unlisted stocks	\$ 41,231	(\$ 3,093)	\$ -	\$ 2,500	\$ -	\$ -	(\$ 26,395)	\$ 14,243
Financial assets at fair value through profit or loss - non-current								
Equity investments	21,180	( 4,923)	-	-	-	-	-	16,257
Financial assets at fair value through other comprehensive income - non-current								
Unlisted stocks	591,596	-	76,069	-	-	-	-	667,665
Year end December 31, 2019								
	Valuation amount			Increased		Decreased		
		Recorded in	Recorded in other	Acquired/	Transfers		Transfers out	
	January 1	profit or loss	comprehensive	Issued	into	Sold/ Settled	from level 3	December 31
			income (loss)		level 3			
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 - non-current								
Equity investments	16,445	4,735	-	-	-	-	-	21,180
Financial assets at fair value through other comprehensive income - non-current								
Unlisted stocks	604,579	-	(12,983)	-	-	-	-	591,596
Nine months ended September 30, 2019								
	Valuation amount			Increased		Decreased		
		Recorded in	Recorded in other	Acquired/	Transfers		Transfers out	
	January 1	profit or loss	comprehensive	Issued	into	Sold/ Settled	from level 3	September 30
			income (loss)		level 3			
Financial assets at fair value through profit or loss- current								
Unlisted stocks	\$ 16,974	(\$ 3,567)	\$ -	\$ 28,025	\$ -	\$ -	\$ -	\$ 41,432
Financial assets at fair value through profit or loss - non-current								
Equity investments	16,445	679	-	-	-	-	-	17,124
Financial assets at fair value through other comprehensive income - non-current								
Unlisted stocks	604,579	-	178,392	-	-	-	-	782,971

(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:

September 30, 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	\$ 14,243	Market approach	Price to earnings ratio multiple	37.55	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- non-current					
Equity investments	16,257	Net asset value	Not applicable	Not applicable	Not applicable
Financial assets at fair value through other comprehensive income - non-current					
Unlisted stocks	667,665	Market approach	Price to earnings ratio multiple	1.37~1.84	The higher the multiple, the higher fair value
			Discount for lack of marketability	7.37%~10.22%	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- non-current					
Equity investments	21,180	Net asset value	Not applicable	Not applicable	Not applicable
Financial assets at fair value through other comprehensive income - non-current					
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

September 30, 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	\$ 41,432	Market approach	Price to earnings ratio multiple Discount for lack of marketability	18.61~21.50 25%	The higher the multiple, the higher fair value The higher the discount for lack of marketability, the lower the fair value
Financial assets at fair value through profit or loss- non-current					
Equity investments	17,124	Net asset value	Not applicable	Not applicable	Not applicable
Financial assets at fair value through other comprehensive income - non-current					
Unlisted stocks	782,971	Market approach	Price to earnings ratio multiple Discount for lack of marketability	2.32 30%	Lack of marketability 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%:

September 30, 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	\$ 142	(\$ 142)	\$ -	\$ -
Financial assets at fair value through profit or loss -non-current				
Venture capital shares	Not applicable	Not applicable	-	-
Financial assets at fair value through other comprehensive income - non-current				
Unlisted stocks	-	-	6,677	( 6,677)

December 31, 2019	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	\$ 412	(\$ 412)	\$ -	\$ -
Financial assets at fair value through profit or loss -non-current				
Venture capital shares	Not applicable	Not applicable	-	-
Financial assets at fair value through other comprehensive income - non-current				
Unlisted stocks	-	-	5,916	( 5,916)
September 30, 2019	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	\$ 414	(\$ 414)	\$ -	\$ -
Financial assets at fair value through profit or loss -non-current				
Venture capital shares	Not applicable	Not applicable	-	-
Financial assets at fair value through other comprehensive income - non-current				
Unlisted stocks	-	-	7,830	( 7,830)

## 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 September 30, 2020, December 31, 2019 and September 30, 2019, the capital adequacy ratios were 395%, 378% and 401%, 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.

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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	September 30, 2020		September 30, 2019		Standard	Enforcement
		Calculation	Ratio	Calculation	Ratio		
17	Stockholders' equity	2,825,842	42.77	3,371,861	56.78	$\geq 1$	Met the requirement
	(Total liability – futures trader's equity)	66,073		59,387			
17	Current assets	3,997,866	60.51	4,300,786	72.42	$\geq 1$	Met the requirement
	Current liabilities	66,073		59,387			
22	Stockholders' equity	2,825,842	706.46%	3,371,861	842.97%	$\geq 60\%$	Met the requirement
	Minimum paid-in capital	400,000		400,000		$\geq 40\%$	
22	Adjusted net capital	2,621,070	864.61%	3,150,962	855.87%	$\geq 20\%$	Met the requirement
	Total amount of customer margins required for the open positions of futures traders	303,150		368,161		$\geq 15\%$	

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

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

Article	Calculation formula	September 30, 2020		September 30, 2019		Standard	Enforcement
		Calculation	Ratio	Calculation	Ratio		
17	Stockholders' equity	2,119,448	11.44	2,120,659	11.45	$\geq 1$	Met the requirement
	(Total liability – futures trader's equity)	185,304		185,147			
17	Current assets	25,343,288	1.05	16,218,969	1.07	$\geq 1$	Met the requirement
	Current liabilities	24,166,237		15,140,728			
22	Stockholders' equity	2,119,448	328.60%	2,120,659	328.78%	$\geq 60\%$	Met the requirement
	Minimum paid-in capital	645,000		645,000		$\geq 40\%$	
22	Adjusted net capital	1,738,037	45.53%	1,769,208	67.25%	$\geq 20\%$	Met the requirement
	Total amount of customer margins required	3,817,412		2,630,654		$\geq 15\%$	



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.

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### 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	\$ 1,858,787	Note 4	1.68%
0	President Securities Corp.	President Futures Corp.	1	Deposit-out	34,000	Note 4	0.03%
0	President Securities Corp.	President Futures Corp.	1	Accounts receivable	3,573	Note 4	0.00%
0	President Securities Corp.	President Futures Corp.	1	Deposit-in	16,000	Note 4	0.01%
0	President Securities Corp.	President Futures Corp.	1	Future commission revenue	31,260	Note 4	0.50%
0	President Securities Corp.	President Futures Corp.	1	Clearing charges	9,482	Note 4	0.15%
0	President Securities Corp.	President Futures Corp.	1	Other non-operating revenues	3,314	Note 4	0.05%
0	President Securities Corp.	President Capital Management Corp.	1	Expense from investment advisory	37,800	Note 4	0.60%
0	President Securities Corp.	President Capital Management Corp.	1	Other non-operating revenues	2,733	Note 4	0.04%

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

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		Ending Balance			Revenue of investee company	Net income (loss) of investee company	Investment income (loss) recognised by the Company	Cash dividends	Notes
						Balance on September 30, 2020	Balance on December 31, 2019	Shares	Percentage	Book value					
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%	\$ 2,049,369	\$ 761,688	\$ 187,731	\$ 181,530	\$ 112,318	Subsidiary of the Company
	President Capital Management Corp.	Taipei	1997.04.15	1997.02.25 (86) Tai-Cai-Zheng (2) Letter No.17769	Securities investment consulting	326,000	326,000	30,000,000	100.00%	325,678	50,842	3,442	3,469	-	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	848,735	34,030	192,600,000	100.00%	1,376,390	96,004	5,927	13,491	-	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	-	23,400,000	100.00%	57,213	-	341	188	-	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	-	1,000,000	100.00%	1,724	-	( 58)	( 25)	-	Subsidiary of the Company
	President Securities (BVI) Ltd.(Note 3)	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	67,746,000	100.00%	-	-	5,644	5,644	-	Subsidiary of the Company

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 September 30, 2020	Balance on December 31, 2019	Shares	Percentage	Book value	Revenue of investee company	Net income (loss) of investee company	Investment income (loss) recognised by the Company	Cash dividends	Notes
	Uni-President Asset Management Corp.	Taipei	1992.09.03	2000.07.19 (89) Tai-Cai-Zheng (2) Letter No.56407	Investment Trust	667,622	667,622	14,904,630	42.46%	581,702	662,865	217,044	92,165	94,466	Associates
	President Insurance Agency Corp.	Taipei	2008.04.29	(Note2)	Insurance Agent	10,000	10,000	1,000,000	100.00%	30,044	35,935	9,842	9,842	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%	241,968 (	1,377) (	6,582) (	6,581)	-	Subsidiary of the Company
President Insurance Agency Corp.	Uni-President Asset Management Corp.	Taipei	1992.09.03	2000.07.19 (89) Tai-Cai-Zheng (2) Letter No.56407	Investment Trust	478	478	12,000	0.03%	473	662,865	217,044	74	76	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	-	0.00%	-	96,004	5,927 (	7,564)	-	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	-	0.00%	-	-	341	153	-	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	-	0.00%	-	- (	58) (	33)	-	Indirect subsidiary of the Company

Note 1 : As FSC was established in July, 2004, President Futures Corp. was approved by the Investment Commission, Ministry of Economic Affairs.

Note 2 : 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 Agency Corp.

Note 3 : The Group has received the original investment funds from President Securities (BVI) Ltd. on July 31, 2020.

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	Note
							Balance on January 1, 2020	Increase of working capital	Deduction of working capital	Balance on September 30, 2020		
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	-	(\$ 5,339)	-	-	-	-	-	-

Note 1 : Operating expenses generated by the representative office.

Note 2 : The office in Xiamen was permitted to cancel the registration by Market and Quality Supervision Commission of Xiamen Municipality at August 24, 2020.

4) Disclosure of investment in Mainland China

a) Information of investment in Mainland China

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2020	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the nine months ended September 30, 2020		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2020	Net income of investee as of September 30, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the nine months ended September 30, 2020 (Note 2)	Book value of investments in Mainland China as of September 30, 2020	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2020
					Remitted to Mainland China	Remitted back to Taiwan						
Jin Yuan President Securities Co.,Ltd.	Securities brokering, securities dealing, securities underwriting and sponsoring service	\$ 5,122,800	Directly invest in a company in Mainland China	\$ -	\$2,481,388	\$ -	\$ 2,481,388	(\$ 81,744)	49%	(\$ 40,055)	\$ 2,469,810	\$ -
										Reviewed by R.O.C. parent company's CPA		

b) Limitation on investment in Mainland China (expressed in thousands of dollars)

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2020	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Jin Yuan President Securities Co.,Ltd.	\$ 2,481,388	\$ 2,481,388	\$ 16,577,536

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in an existing company in the third area, which then invested in the investee in Mainland. (Please indicate investment company in the third area.)
- (3) Others.

Note 2: In the 'Investment income (loss) recognized by the Company for the nine months ended September 30, 2020' column:

- (1) It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.
- (2) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:
  - a. The financial statements that are audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
  - b. The financial statements that are audited and attested by R.O.C. parent company's CPA.
  - c. Others.

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

5) Major shareholder information

Major shareholder	Number of shares held (thousands)	Shareholding ratio
Uni-President Enterprises Corp.	401,458	28.67%

Note 1: The information of major shareholders in this table is based on the last business day of the end of each quarter by Taiwan Depository and Clearing Corp., which determines shareholders holding more than 5% of ordinary shares and special shares of securities firms that have completed

unregistered delivery (including treasury shares). As for the share capital recorded in the financial report of the securities firm and the actual number of shares delivered by the securities firm without shares delivered to the trust and the right to use the trust property. For information on insider's equity declaration, please refer to the Market Observation Post System.

#### 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 September 30, 2020							
	Brokerage segment	Quantitative Trading segment	Proprietary Trading segment	Fixed income segment	Reinvestment segment	Other operating segments	Others	Total
Segment revenues	\$ 920,177	\$ 199,659	\$ 702,483	\$ 521,276	\$ 331,518	\$ 393,414	(\$ 33,429)	\$ 3,035,098
Segment profit or loss	\$ 253,553	\$ 51,607	\$ 562,414	\$ 419,263	\$ 682,695	\$ 218,467	(\$ 749,164)	\$ 1,438,835
	Three months ended September 30, 2019							
	Brokerage segment	Quantitative Trading segment	Proprietary Trading segment	Fixed income segment	Reinvestment segment	Other operating segments	Others	Total
Segment revenues	\$ 570,423	\$ 167,925	\$ 312,201	\$ 486,627	\$ 229,552	\$ 139,317	(\$ 74,784)	\$ 1,831,261
Segment profit or loss	\$ 87,762	\$ 45,761	\$ 190,565	\$ 315,068	\$ 46,684	\$ 50,966	(\$ 69,694)	\$ 667,112
	Nine months ended September 30, 2020							
	Brokerage segment	Quantitative Trading segment	Proprietary Trading segment	Fixed income segment	Reinvestment segment	Other operating segments	Others	Total
Segment revenues	\$ 2,285,459	\$ 964,292	\$ 585,533	\$ 1,129,775	\$ 945,619	\$ 504,581	(\$ 155,140)	\$ 6,260,119
Segment profit or loss	\$ 544,595	\$ 491,999	\$ 182,764	\$ 771,195	\$ 828,741	\$ 100,185	(\$ 762,968)	\$ 2,156,511
	Nine months ended September 30, 2019							
	Brokerage segment	Quantitative Trading segment	Proprietary Trading segment	Fixed income segment	Reinvestment segment	Other operating segments	Others	Total
Segment revenues	\$ 1,562,009	\$ 485,820	\$ 532,001	\$ 1,534,607	\$ 703,635	\$ 404,950	(\$ 101,047)	\$ 5,121,975
Segment profit or loss	\$ 198,126	\$ 119,107	\$ 235,801	\$ 1,055,876	\$ 182,910	\$ 129,096	(\$ 78,908)	\$ 1,842,008

Note 1: As operating income (loss) in total is consistent with consolidated statement of comprehensive income, there is no need for adjustment.

Note 2: The Group measures the performance of reportable operating segment based on specific performance indicators instead of assets and liabilities.  
The performance of reportable operating segment is regularly reviewed and assessed by the CODM as a reference for making resources allocation decision.