Stock Code:000116

JIHSUN SECURITIES CO., LTD.

Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2020 and 2019

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Independent Auditors' Report

To the Board of Directors of JihSun Securities Co., Ltd.:

Opinion

We have audited the accompanying balance sheets of JihSun Securities Co., Ltd.(" the Company") as of December 31, 2020 and 2019, and the related statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the financial performance and cash flows for the years then ended 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 in the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountant Code of Professional Ethics in Republic of China (" the Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2020. These matters are addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. <u>Fair value assessment of financial instruments</u>

   Please refer to Note (4)(f) "Financial instruments", Note (5) "Major sources of uncertainty for assumptions and estimation", and Note (6)(ab) "Disclosure of financial instruments" to the financial statements.

   Description of key audit matters:

   Some of the financial instruments held by the Company were without a quoted price in an active market, and the fair value of such instruments were estimated based on other valuation techniques. Therefore, valuation of financial instruments was one of the key audit matters in our audit of the Company's financial statements.

Our principal audit procedures included:

Our main audit procedures included testing of the Company' s classification of financial assets, and the Company' s controls over the identification, measurement and management of valuation risk. For financial instruments which used quoted market price, sampling test was conducted to confirm the adequacy and correctness of the quoted price; for financial instruments without a quoted market price, sampling test was conducted to review valuation documents from the Company to confirm whether the adequacy and correctness of the valuation method. In addition, we also assessed whether the Company's presentation and disclosure of financial instruments meets relevant accounting standard.

2. Net brokering service fee

Please refer to Note (4)(s) "Revenue recognition" and Note (6)(aa)(i) "Brokerage handling fee revenue" to the financial statements.

Description of key audit matters:

The Company receives orders to trade and engage in brokerage so as to earn brokering service fee. Whether the Company's revenue and discount recognition is appropriate may cause a material impact on the financial statements, therefore, we identify revenue recognition as a key audit matter.

Our principal audit procedures included:

To make a random inspection into the trading procedures in order to test whether the internal control of the brokerage business is executed effectively or not; to make a random inspection into the approval of discount of brokering fee income; to make a random inspection into the relevant forms in order to test the accuracy of calculation of brokering service fee and analyze the differences.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements 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 in the Republic of China, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company' s ability to continues as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objective are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design, and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by managements.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the investments accounted for using equity method to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precluded public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chun-Kuang Chen and Tan-Tan Chung.

KPMG

Taipei, Taiwan (Republic of China)
February 24, 2021

Notes to Readers

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and financial statements, the Chinese version shall prevail.

(English Translation of Financial Statements Originally Issued in Chinese)

JIHSUN SECURITIES CO., LTD.

Balance Sheets

December 31, 2020 and 2019

(Expressed in thousands of New Taiwan dollars)

	Assets	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current assets:				
111100	Cash and cash equivalents (Notes (4) and (6)(a))	$ 2,377,655	3	2,161,742	3
112000	Financial assets at fair value through profit or loss－current (Notes (4) and (6)(b))	6,107,064	8	9,115,587	13
113200	Financial assets at fair value through other comprehensive income－current (Notes (4) and (6)(c))	29,810,862	38	31,512,830	43
114030	Margin loans receivable (Notes (4) and (6)(d))	11,643,717	15	9,902,858	14
114040	Refinancing margin (Note (4))	8,272	-	4,000	-
114050	Refinancing collateral receivable (Note (4))	7,133	-	3,525	-
114060	Receivable of securities business money lending	2,711	-	-	-
114066	Receivable of money lending－any use	294,094	-	45,900	-
114100	Security borrowing margin	803,560	1	733,560	1
114110	Notes receivable	-	-	35	-
114130	Accounts receivable (Note (6)(e))	12,172,829	15	6,052,742	8
114150	Prepayments	30,635	-	24,039	-
114600	Current tax assets (Note (4))	-	-	11,548	-
119080	Restricted assets－current (Note (8))	426,000	1	426,000	1
119990	Other current assets－others (Note (6)(f))	1,811,699	2	328,147	-
		65,496,231	83	60,322,513	83
	Non-current assets:				
122000	Financial assets at fair value through profit or loss—non-current (Notes (4) and (6)(h))	-	-	1	-
123200	Financial assets at fair value through other comprehensive income－non-current (Notes (4) and (6)(i))	6,805,689	9	5,676,852	8
124100	Investments accounted for using equity method (Notes (4) and (6)(g))	3,973,135	5	3,866,749	5
125000	Property and equipment (Notes (4) and (6)(j))	1,609,000	2	1,448,425	2
125800	Right-of-use assets (Notes (4) and (6)(k))	291,672	-	180,558	-
126000	Investment property (Notes (4) and (6)(l))	96,539	-	238,659	-
127000	Intangible assets (Notes (4) and (6)(m))	79,987	-	62,692	-
128000	Deferred tax assets (Notes (4) and (6)(v))	17,899	-	13,714	-
129000	Other non-current assets (Note (6)(n))	1,041,571	1	990,835	2
		13,915,492	17	12,478,485	17
	Total assets	$ 79,411,723	100	72,800,998	100

	Liabilities and Equity	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current liabilities:				
211100	Short-term borrowings (Note (6)(q))	$ 500,000	1	200,000	-
211200	Commercial paper payable (Note (6)(q))	3,039,377	4	6,236,931	9
212000	Financial liabilities at fair value through profit or loss－current (Notes (4) and (6)(b))	417,260	1	268,892	-
214010	Liabilities for bonds with attached repurchase agreements (Notes (4) and (6)(o))	27,716,865	35	29,505,049	41
214040	Securities financing refundable deposits (Note (4))	1,477,974	2	1,322,360	2
214050	Deposits payable for securities financing (Note (4))	1,719,643	2	1,462,940	2
214070	Securities lending refundable deposits (Note (4))	143,927	-	96,645	-
214130	Accounts payable (Note (6)(p))	12,046,372	15	5,852,807	8
214150	Advance receipts	179,066	-	89,422	-
214160	Receipts under custody	1,455,068	2	33,763	-
214170	Other Payables	836,556	1	702,619	1
214600	Current tax liabilities (Note (4))	277,754	-	-	-
215100	Provisions－current (Notes (4) and (6)(t)(u))	63,161	-	55,507	-
216000	Lease liabilities－current(Notes (4) and (6)(r))	110,099	-	85,697	-
		49,983,122	63	45,912,632	63
	Non-Current liabilities:				
225100	Provisions－non-current (Notes (4) and (6)(t)(u))	66,117	-	39,288	-
226000	Lease liabilities－non-current (Notes (4) and (6)(r))	180,759	-	91,755	-
228000	Deferred tax liabilities (Notes (4) and (6)(v))	33,965	-	34,670	-
229000	Other non-current liabilities	10,644	-	10,816	-
		291,485	-	176,529	-
	Total liabilities	50,274,607	63	46,089,161	63
	Equity:				
301000	Capital stock	11,572,127	15	11,572,127	16
302000	Capital surplus (Note (6)(w))	1,298,456	2	1,298,456	2
	Retained earnings:				
304010	Legal reserve	2,874,193	4	2,758,000	4
304020	Special reserve	6,783,661	8	6,552,894	9
304040	Unappropriated earnings (Note (6)(x))	1,448,413	2	1,160,309	2
305000	Other equity	5,160,266	6	3,370,051	4
	Total equity	29,137,116	37	26,711,837	37
	Significant contingent liabilities and unrecognized contract commitments (Note (9))				
	Total liabilities and equity	$ 79,411,723	100	72,800,998	100

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

JIHSUN SECURITIES CO., LTD.

Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

(Expressed in thousands of New Taiwan dollars, except for earnings per share)

		2020		2019	
		Amount	%	Amount	%
	Revenues:				
401000	Brokerage handling fee revenue (Note (6)(aa))	$ 3,611,728	64	2,192,673	52
402000	Business money lending fee reveunue	103	-	-	-
403000	Income from securities lendings	209,584	4	228,060	5
404000	Revenues from underwriting business (Note (6)(aa))	41,874	1	51,465	1
406000	Revenue from wealth management	24,622	-	21,579	1
410000	Gains (losses) on sale of operating securities (Note (6)(aa))	(65,519)	(1)	22,042	1
421100	Revenue from providing agency service for stock affairs	51,692	1	47,440	1
421200	Interest incomes (Note (6)(aa))	838,073	15	881,758	21
421300	Dividend revenue	509,969	9	565,060	14
421500	Valuation gains (losses) on operating securities at fair value through profit or loss (Note (6)(aa))	79,782	1	55,707	1
421600	Gains (losses) on covering of borrowed securities and bonds with resale agreements-short sales	(12,327)	-	6,150	-
421610	Valuation gains (losses) on borrowed securities and bonds with resale agreements-short sales at fair value through profit or loss	-	-	(11,008)	-
421750	Realized gains (losses) from investments in debt instruments measured at fair value through comprehensive income	29,645	-	90,077	2
422200	Gains (losses) from issuance of call (put) warrants (Note (6)(aa))	32,019	1	2,974	-
424100	Future commission revenue	115,706	2	84,863	2
424400	Gain (loss) from derivatives-futures (Note(6)(aa))	66,976	1	(90,628)	(2)
424500	Gain (loss) from derivatives-OTC (Note (6)(aa))	48,357	1	(8,845)	-
425300	Expected credit loss (Note (6)(aa))	(7,678)	-	(3,070)	-
428000	Other operating incomes	31,348	1	43,097	1
	Total revenue	5,605,954	100	4,179,394	100
	Expenditure and expense:				
501000	Brokerage handling fee expenses (Note (6)(aa))	258,409	5	148,941	4
502000	Proprietary handling fee expenses (Note (6)(aa))	8,608	-	6,693	-
503000	Refinancing processing fee expenses	624	-	320	-
521200	Finance costs	184,481	3	319,675	8
524100	Futures commission expenses	452	-	1,188	-
524200	Securities commission expenses	126	-	37	-
524300	Expense of clearing and settlement	3,969	-	1,990	-
528000	Other operating expenditure	1,584	-	113	-
531000	Employee benefits expenses (Note (6)(aa))	2,024,777	36	1,710,565	41
532000	Depreciation and amortization expenses (Note (6)(aa))	217,946	4	211,966	5
533000	Other operating expenses (Note (6)(aa))	923,700	17	881,532	21
	Total expenditure and expense	3,624,676	65	3,283,020	79
	Non-operating income and expenses:				
601100	Share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method (Note (6)(g))	98,307	2	57,413	1
602000	Other gains and losses (Note (6)(aa))	344,494	6	403,958	10
	Total non-operating income and expenses	442,801	8	461,371	11
	Net income before tax from continuing operations	2,424,079	43	1,357,745	32
701000	**Income tax expenses (Notes (4) and (6)(v))**	(393,492)	(7)	(194,108)	(5)
	Net income	2,030,587	36	1,163,637	27
805000	**Other comprehensive income:**				
805500	**Components of other comprehensive income that will not be reclassified to profit or loss**				
805510	Gains (losses) on remeasurements of defined benefit plans	(36,201)	(1)	(1,202)	-
805540	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	905,956	17	413,159	10
805560	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method	120,944	2	(46,976)	(1)
805599	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6,969	-	719	-
	Components of other comprehensive income that will not be reclassified to profit or loss	997,668	18	365,700	9
805600	**Components of other comprehensive income that will be reclassified to profit or loss**				
805610	Exchange differences on translation	(59,492)	(1)	(26,132)	(1)
805615	Unrealized gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	269,865	5	180,542	5
805699	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Subtotal of other comprehensive income that will be reclassified to profit or loss, net of tax	210,373	4	154,410	4
805000	**Other comprehensive income**	1,208,041	22	520,110	13
902006	**Total comprehensive income**	**$ 3,238,628**	**58**	**1,683,747**	**40**
	Earnings per share (EPS)(Dollar)(Note (6)(y))	**$ 1.75**		**1.01**	

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

JIHSUN SECURITIES CO., LTD.

Statements of Changes in Equity

For the years ended December 31, 2020 and 2019

(Expressed in thousands of New Taiwan dollars)

	Capital stock		Retained earnings				Other equity				
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Subtotal	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Others	Subtotal	Total equity
Balance at January 1, 2019	$ 11,572,127	1,298,456	2,615,023	6,604,966	1,796,937	11,016,926	(112,939)	2,417,650	540,328	2,845,039	26,732,548
Effects of retrospective application	-	-	-	-	1,574	1,574	-	-	-	-	1,574
Equity at beginning of period after adjustments	11,572,127	1,298,456	2,615,023	6,604,966	1,798,511	11,018,500	(112,939)	2,417,650	540,328	2,845,039	26,734,122
Net income	-	-	-	-	1,163,637	1,163,637	-	-	-	-	1,163,637
Other comprehensive income	-	-	-	-	(2,877)	(2,877)	(26,132)	593,701	(44,582)	522,987	520,110
Total comprehensive income	-	-	-	-	1,160,760	1,160,760	(26,132)	593,701	(44,582)	522,987	1,683,747
Earnings appropriation and distribution:											
Legal reserve	-	-	142,977	-	(142,977)	-	-	-	-	-	-
Special reserve	-	-	-	293,103	(293,103)	-	-	-	-	-	-
Cash dividends－common stock	-	-	-	-	(1,706,032)	(1,706,032)	-	-	-	-	(1,706,032)
Reversal of special reserve	-	-	-	(345,175)	345,175	-	-	-	-	-	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(2,025)	(2,025)	-	2,025	-	2,025	-
Balance at December 31, 2019	11,572,127	1,298,456	2,758,000	6,552,894	1,160,309	10,471,203	(139,071)	3,013,376	495,746	3,370,051	26,711,837
Net income	-	-	-	-	2,030,587	2,030,587	-	-	-	-	2,030,587
Other comprehensive income	-	-	-	-	(27,878)	(27,878)	(59,492)	1,175,821	119,590	1,235,919	1,208,041
Total comprehensive income	-	-	-	-	2,002,709	2,002,709	(59,492)	1,175,821	119,590	1,235,919	3,238,628
Earnings appropriation and distribution:											
Legal reserve	-	-	116,193	-	(116,193)	-	-	-	-	-	-
Special reserve	-	-	-	232,385	(232,385)	-	-	-	-	-	-
Cash dividends－common stock	-	-	-	-	(813,349)	(813,349)	-	-	-	-	(813,349)
Reversal of special reserve	-	-	-	(1,618)	1,618	-	-	-	-	-	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(554,296)	(554,296)	-	554,296	-	554,296	-
Balance at December 31, 2020	**$ 11,572,127**	**1,298,456**	**2,874,193**	**6,783,661**	**1,448,413**	**11,106,267**	**(198,563)**	**4,743,493**	**615,336**	**5,160,266**	**29,137,116**

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

JIHSUN SECURITIES CO., LTD.

Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(Expressed in thousands of New Taiwan dollars)

	2020	2019
Cash flows from operating activities:		
Net income before tax	$ 2,424,079	1,357,745
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation expenses	193,051	189,488
Amortization expenses	24,895	22,478
Expected credit loss	7,678	3,070
Net losses (gains) on financial assets or liabilities at fair value through profit or loss	(79,782)	(44,699)
Finance costs	184,481	319,675
Interest income (finance income included)	(849,814)	(903,145)
Dividends earned	(509,969)	(565,060)
Share of losses (gains) of subsidiaries, associates and joint ventures accounted for using equity method	(98,307)	(57,413)
Losses (gains) on disposal and retirement of property and equipment	267	(3,200)
Losses (gains) on lease modifications	(3)	(1)
Subtotal of income and expense items	(1,127,503)	(1,038,807)
Changes in operating assets and liabilities:		
Net changes in operating assets:		
Financial assets at fair value through profit or loss	3,088,306	2,810,611
Financial assets at fair value through other comprehensive income－current	1,706,948	(5,727,202)
Margin loans receivable	(1,740,859)	(1,005,849)
Refinancing margin	(4,272)	(3,271)
Refinancing collateral receivable	(3,608)	(2,915)
Receivable of securities business money lending	(2,711)	-
Receivable of money lending-any use	(248,194)	(45,900)
Security borrowing collateral price	-	57,575
Security borrowing margin	(70,000)	32,301
Notes receivable	35	(22)
Accounts receivable	(6,176,963)	(2,040,367)
Prepayments	(4,150)	(8,182)
Other current assets－others	(1,485,970)	(83,603)
Other non-current assets	(64,916)	(22,655)
Net changes in operating assets	(5,006,354)	(6,039,479)
Net changes in operating liabilities:		
Financial liabilities at fair value through profit or loss－current	148,368	157,111
Liabilities for bonds with attached repurchase agreements	(1,788,184)	2,322,236
Securities financing refundable deposits	155,614	76,346
Deposits payable for securities financing	256,703	88,542
Securities lending refundable deposits	47,282	(69,245)
Accounts payable	6,205,124	2,332,393
Advance receipts	89,644	35,382
Receipts under custody	1,421,305	(34,570)
Other payables	133,937	(82,357)
Provisions－current	7,654	3,190
Provisions－non-current	(10,981)	(64,663)
Other non-current liabilities	(172)	453
Net changes in operating liabilities	6,666,294	4,764,818
Net changes in operating assets and liabilities	1,659,940	(1,274,661)
Sum of adjustments	532,437	(2,313,468)

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

JIHSUN SECURITIES CO., LTD.

Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(Expressed in thousands of New Taiwan dollars)

	2020	2019
Cash flows from (used in) operating activities	$ 2,956,516	(955,723)
Interest received	906,576	922,974
Dividends received	510,317	564,522
Interest paid	(196,048)	(308,684)
Income taxes paid	(101,840)	(272,728)
Net cash flows from (used in) operating activities	4,075,521	(49,639)
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	-	(71,044)
Proceeds from disposal of financial assets at fair value through other comprehensive income	3,100	-
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	33,410	10,920
Restricted assets－current	-	235,000
Acquisition of property and equipment	(83,603)	(46,835)
Proceeds from disposal of property and equipment	-	8,634
Acquisition of intangible assets	(34,211)	(17,378)
Dividends received	55,072	33,171
Net cash flows used in (from) investing activities	(26,232)	152,468
Cash flows from financing activities:		
Short-term borrowings	300,000	(720,000)
Commercial paper payable	(3,200,000)	2,370,000
Payment of lease liabilities	(118,057)	(115,658)
Cash dividends paid	(813,349)	(1,706,032)
Net cash flows used in financing activities	(3,831,406)	(171,690)
Effect of exchange rate changes on cash and cash equivalents	(1,970)	(969)
Increase (decrease) in cash and cash equivalents	215,913	(69,830)
Cash and cash equivalents, at the beginning of period	2,161,742	2,231,572
Cash and cash equivalents, at the end of period	**$ 2,377,655**	**2,161,742**

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

JIHSUN SECURITIES CO., LTD.

Notes to the Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in thousands of New Taiwan dollars, unless otherwise specified)

(1) Company history

JihSun Securities Co., Ltd. (the "Company") was established in December, 1961 and the registered address is 3 and 4F, No. 111, Section. 2, Nanjing E. Road, Taipei, Taiwan, R.O.C. The Company engaged in the activities of securities brokerage, securities trading, securities underwriting, securities margin purchases and short sales, stock transaction agency services, futures trading and auxiliary services for futures trading, stock warrant issuance, trust businesses and offshore securities unit (OSU).

In order to increase market share of brokerage services and competitiveness, the Board of Directors resolved that the Company as the surviving company would merge with Yuan Xin Securities Co., Ltd. on April 22, 2002. Meanwhile, in accordance with the resolution, the Company acquired the operating assets and operating rights of Hemei Securities Co., Ltd. and Toufen Securities Co., Ltd. As of December 31, 2020, after merging and capital increase, the Company had established 42 branches.

Moreover, in order to extend the economic scale of operation and increase the synergy of financial institutions, extraordinary shareholders' meeting, on December 14, 2001, announced an exchange of shares with "Jih Sun International Bank, Ltd." and transformed into a new "JihSun Financial Holding Co., Ltd." The conversion date of record was settled on February 5, 2002.

The Company's parent company is JihSun Financial Holding Co., Ltd.

(2) Approval date and procedures of the financial statements

The financial reports were approved by the board of directors on February 24, 2021.

(3) Application of new and revised standards, amendments and interpretations

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The Company has initially adopted the new amendments, which do not have a significant impact on its financial statements, from January 1, 2020.

(b) The impact of IFRS issued by the FSC but not yet effective

The Company's adoption of the new amendments, effective for annual period beginning on January 1, 2021, are expected to have the following impacts:

(i) Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform －Phase 2"

The amendments address issues that might affect financial reporting as a result of the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The amendments provide practical relief from certain requirements in IFRS 9, IAS 39, IFRS7, IFRS 4 and IFRS 16 relating to:

(Continued)

JIHSUN SECURITIES CO., LTD.
Notes to the Financial Statements

1) Change in basis for determining cash flows

The amendments will require an entity to account for a change in the basis for determining the contractual cash flows of a financial asset or financial liability that is required by interest rate benchmark reform by updating the effective interest rate of the financial asset or financial liability.

As of December 31, 2020, the debt instruments, with LIBOR as the interest rate indicator, held by the Company were the investments in debt instruments designated at fair value through profit or loss of $546,560. The interest rate benchmark reform will have an impact on the aforementioned debt instruments.

The Company expects that no significant modification gain or loss will arise as a result of applying the amendments to these changes.

2) Disclosure

The amendments will require the Company to disclose additional information about the entity's exposure to risks arising from interest rate benchmark reform and related risk management activities.

3) Transition

The Company plans to apply the amendments from January 1, 2021. Application will not impact amounts reported for 2020 or prior periods.

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Company does not expect the new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its financial statements.

(4) Summary of significant accounting policies

The significant accounting policies presented in the financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the financial statements.

(a) Assertion of compliance

The Company's financial statements were prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Firms and Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants (the "Regulation").

(b) Basis of compilation

Except for the significant balance sheet items listed as below, the financial statements are prepared on the basis of historical costs.

(i) Financial instruments at fair value through profit or loss (including derivative instruments);

(Continued)

JIHSUN SECURITIES CO., LTD.
Notes to the Financial Statements

(ii) Financial assets at fair value through other comprehensive income;

(iii) Defined benefit assets (liabilities) represent the net result of the present value of defined benefit obligation deducted from the fair value of plan assets.

(c) Foreign currency

(i) Functional currency and presentation currency

The functional currency of the Company is the currency of the primary economic environment in which it operates. The Company' s functional currency is New Taiwan Dollar, and the financial reports are presented in New Taiwan Dollar.

(ii) Foreign currency transaction

Transactions in foreign currencies are translated to the respective functional currencies at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the foreign exchange rate at that date. When several foreign exchange rates are available, monetary items shall be translated by the exchange rate which is applicable to settle the future cash flow representing the transaction or balance at the measurement date is adopted. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of translation. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined.

Exchange differences arising from the settlement of a foreign currency transaction are recognized in current profit or loss. Exchange differences arising from the translation of monetary item, except for differences arising from the translation of a qualified cash flow hedge or financial liabilities in a hedge of the net investment in a foreign operation are recognized directly in other comprehensive income, are recognized in profit or loss when it incurred.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange difference of that gain or loss shall be recognized in other comprehensive income. Otherwise, when a gain or loss on a non-monetary item is recognized in profit or loss, any exchange difference of that gain or loss shall be recognized in profit or loss.

(iii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to New Taiwan Dollar at exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to New Taiwan Dollar at average rate. Foreign currency differences are recognized in other comprehensive income.

(Continued)

JIHSUN SECURITIES CO., LTD.
Notes to the Financial Statements

When a disposal of foreign operations results in losing control, joint control or significant impact on the operation, all cumulative exchange differences relating to that foreign operation shall be reclassified as profit or loss. When a partial disposal includes subsidiaries with foreign operations, the related cumulative exchange difference should be re-attributed to the non-controlling interests in proportion. When a partial disposal includes affiliates or joint ventures with foreign operations, the related cumulative exchange difference should be re-attributed to profit or loss in proportion.

If the Company has no reimbursement plan or it is impossible to reimburse in the foreseeable future, the exchange differences derived from monetary receivables or payables to foreign operations should be regarded as part of the net investment to that foreign operation, and recognized as other comprehensive income.

(d) Classification of assets and liabilities as current or non-current

An asset is classified as current when:

(i) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;

(ii) It holds the asset primarily for the purpose of trading;

(iii) It expects to realize the asset within twelve months after the reporting period; or

(iv) The asset is cash and cash equivalent, excluding the asset restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

(i) It expects to settle the liability in its normal operating cycle;

(ii) It holds the liability primarily for the purpose of trading;

(iii) The liability is due to be settled within twelve months after the reporting period; or

(iv) It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. 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.

All other liabilities are classified as non-current.

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits, together with short-term, highly liquid time deposits or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Demand deposits which have the original maturity within one year are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. It is readily convertible to a known amount of cash and is subject to an insignificant risk of changes in value; therefore, it normally qualifies as cash and cash equivalents.

(Continued)

JIHSUN SECURITIES CO., LTD.
Notes to the Financial Statements

The statement of cash flow of the financial report is prepared on the basis of cash and cash equivalents.

(f) Financial instruments

All financial assets and liabilities (including derivative instruments) of the Company are based on IFRSs approved and issued by the FSC, and are recognized in the balance sheet, and are measured according to the category to which they belong.

In accordance with IFRS 9, financial assets are classified into the following categories: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). Financial liabilities are classified as financial liabilities at fair value through profit or loss and financial liabilities measured at amortized cost.

Conventional transactions in financial assets adopt transaction date accounting.

(i) Financial assets

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model in which the objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, and impairment loss are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Financial assets at fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model in which the objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(Continued)

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

A financial asset measured at FVOCI is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses, and impairment losses, deriving from debt investments are recognized in profit or loss; whereas dividends deriving from equity investments are recognized as income in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses of financial assets measured at FVOCI are recognized in OCI. On derecognition, gains and losses accumulated in OCI of debt investments are reclassified to profit or loss. However, gains and losses accumulated in OCI of equity investments are reclassified to retain earnings instead of profit or loss.

Dividend income derived from equity investments is recognized on the date that the Company's right to receive payment is established.

In addition, the evaluation of the equity investments in unlisted (counter) companies' fair value shall be performed by the Company or a commissioned neutral external professional assessment agency. The assessment on fair value of the equity investments in unlisted (counter) companies shall be conducted half-yearly with an objective attitude to compare and analyze the assets and benefits of the measurement subject. The fair value measurement method is mainly based on the income method and the market method, supplemented by the assets method, and refers to the IFRS 13 "Fair Value Measurement" and the valuation procedures follow Statements of Valuation Standards developed by Accounting Research and Development Foundation of the Republic of China, such as SVS 1 "Summary of Valuation Standards", SVS 2 " Code of Ethics", SVS 4 " Valuation Process", SVS 6 " Valuation for Financial Reporting", and SVS 11 "Business Valuation".

3) Financial assets at fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets in this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Subsequent changes that are measured at fair value, which take into account any dividend and interest income, are recognized in profit or loss.

JIHSUN SECURITIES CO., LTD.
Notes to the Financial Statements

4) Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management' s strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Company' s management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, and are consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

5) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost and debt investments measured at FVOCI not classified in financial assets at fair value through profit or loss. Equity investments measured at FVOCI need not recognize loss allowances for expected credit losses.

Loss allowances for financial assets are classified in three stages according to changes in credit risk of the financial assets after initial recognition. Three stage and loss allowances are defined as follows:

- The first stage: measured as 12-month ECL

  Financial assets in which credit risk has not increased significantly since initial recognition and do not belong to impaired financial assets when initial recognition shall recognize 12-month ECL.

- The second stage: measured lifetime ECL- without impairment

  Financial assets in which credit risk has increased significantly since initial recognition but do not belong to impaired financial assets when initial recognition shall recognize lifetime ECL.

(Continued)

JIHSUN SECURITIES CO., LTD.
Notes to the Financial Statements

· The third stage: measured lifetime ECL- with impairment

When one or more items that have an adverse effect on the estimated future cash flows of the financial assets have occurred, the financial assets have been credit impaired.

The Company assess whether the credit risk of the financial assets since the initial recognition has increased significantly on each reporting day. In making this assessment, the Company use the changes in the risk of default in the expected duration of the financial assets. In order to make this assessment, the Company compare the risk of default of financial instruments on the reporting date with the risk of default of the financial instruments on the original date of recognition, and consider the information that shows reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward-looking information.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognized in other comprehensive income instead of reducing the carrying amount of the asset. The Company recognizes the amount of expected credit losses (or reversal) in profit or loss, as an impairment gain or loss.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

6) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

On derecognition of a debt instrument in its entirety, the Company recognizes the difference between its carrying amount and the sum of the consideration received or receivable and any cumulative gain or loss that had been recognized in other comprehensive income and presented in "other equity－unrealized gains or losses on fair value through other comprehensive income" in profit or loss.

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On derecognition of a debt instrument other than in its entirety, the Company allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss, and presented in the line item of gains (losses) on sale of operating securities. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

(ii) Financial liabilities

1) Financial liabilities at fair value through profit or loss

A financial liability is classified in this category if it is classified as held-for-trading or is designated as such on initial recognition.

A financial liability is classified as held-for-trading if it is acquired principally for the purpose of selling in the short term. The Company designates financial liabilities, other than the ones classified as held-for-trading, as at fair value through profit or loss at initial recognition under one of the following situations:

a) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on a different basis;

b) Performance of the financial liabilities is evaluated on a fair value basis;

c) A hybrid instrument contains one or more embedded derivatives.

Attributable transaction costs are recognized in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value, and changes therein, which take into account any interest expense, are recognized in profit or loss, and are included in valuation gains (losses) on operating securities at fair value through profit or loss.

2) Derecognition of financial liabilities

A financial liability is derecognized when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(Continued)

JIHSUN SECURITIES CO., LTD.
Notes to the Financial Statements

3) Offsetting of financial instrument

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

4) Derivative instruments

Derivatives instruments is initially recognized at fair value on contract date and subsequently measured at fair value. Fair value includes quoted price in an active market, occurring market transaction prices, discounted cash flow model or option pricing model techniques. When a derivative is designated as an effective hedging instrument, its timing of recognition in profit or loss is determined based on the nature of the hedging relationship. When the fair value of a derivative instrument is positive, it is classified as a financial asset, and when the fair value is negative, it is classified as a financial liability.

The Company should account for an embedded derivative separately from the host contract when the host contract is not itself carried at fair value through profit or loss, the terms of the embedded derivative would meet the definition that the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract, or the entire hybrid contract is not designated as at fair value through profit or loss. In addition, the embedded derivative is recognized as financial asset or liability at fair value through profit or loss.

(g) Bond investments under resale agreements and liabilities for bonds with attached repurchase agreements

The financing method which the Company adopted is to account for bond transactions with terms to repurchase and resale. Sales of securities with repurchase terms for financing purposes are recorded as “liabilities for bonds with attached repurchase agreements”. Upon execution of repurchase terms, the difference between the repurchase price and financing amount is recorded as interest expense. Purchases of securities with resale terms for financing purposes are recorded as “bond investments under resale agreements”. Upon execution of resale terms, the difference between the resale price and financing amount is recorded as interest income.

(h) Margin loans, securities financing, refinancing and securities lending

Margin loans extended to customers for the purchase of securities are recorded as margin loans receivable. Such loans are secured by the securities purchased by the customers. Customers may redeem the collateral securities upon repayment of the loans.

Deposits collected from customers for short selling of securities are recorded as securities financing refundable deposits. Proceeds from short selling of securities of stock loan (less stock exchange tax, handling fee for consigned trading, and securities financing fee) are collected as collateral and are recorded as deposits payable for securities financing. Customers may receive the deposits and proceeds from repayment of the securities.

(Continued)

When the Company lacks sufficient funds for securities financing the margin customers, the refinancing amount acquired from securities finance enterprises is recorded as refinancing borrowings, and the stocks purchased by margin customers are collected as collateral by securities finance enterprises.

When the Company refinances securities from securities finance enterprises, if it does not have sufficient securities, the deposit paid is recorded as refinancing margin. Proceeds from sale of loaned stocks collected as collateral should be transferred to securities finance enterprises, and the amounts is recorded as refinancing collateral receivable.

Moreover, pursuant to Securities and Futures Bureau (SFB) (88) Tai-Cai-Zheng (2) No. 82416, whenever the collateral maintenance ratio of any customer's margin account is lower than the limit set by the government after disposal and if there is still a receivable remaining and payment has yet not been made within the time limit specified, then the receivable should be transferred to overdue receivable. If the securities in a customer' s margin account cannot be disposed of, then the receivables for securities provided as collateral, in accordance with the actual situation, should be recognized as other receivables or overdue receivable.

Securities lending is only noted in memo, not recognized as the assets of the Company. The acquired collaterals are not stated in the reports if they are securities; whereas, they should be recognized as securities lending refundable deposits if the collaterals are cash collaterals. The securities lending revenue and service fee are recognized as securities lending revenue.

(i) Investments in associates

Investees in which the Company and its subsidiaries directly or indirectly hold more than 20% of the outstanding stock with voting right, or hold less than 20% but are able to exercise significant influence over the investees are accounted for under the equity method and initially recognized at cost. Goodwill, relating to an associate is included in the book value of the investment.

After the date of acquisition the Company's share of the profit or loss of the associates is recognized in profit or loss. Distributions received from an associate reduce the book value of the investment. Adjustments to the book value of the investment may also be necessary for changes in the Company's proportionate interest in the associates arising from changes in the associates' other comprehensive income.

Changes in ownership interest in a subsidiary that do not result in a loss of control are treated as equity transactions.

When investments in foreign operating institutions are under equity-method, the exchange differences, which are accounted under shareholders' equity as cumulative translation adjustment, are determined by the translation of the financial statement of foreign currency into domestic currency. The adjustments will be incorporated into the profit or loss when the foreign operating institution is sold out or under liquidation.

JIHSUN SECURITIES CO., LTD.
Notes to the Financial Statements

(j) Investments in subsidiaries

When preparing standalone financial statement, the Company uses equity method in evaluating the investee which the Company has control of. Under equity method, the net income or loss for the period of standalone financial statement and other comprehensive income of standalone financial statement are the same as the proportionate share of net income or loss for the period attributed to parents of consolidated statement and other comprehensive income attributed to parents of consolidated statement, respectively. The equity of the standalone financial statement is the same as the equity attributable to the parents of the consolidated statements.

Any change in ownership interest of the subsidiaries, that do not result in a loss of control, is treated as equity transaction between the owners.

(k) Property and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the asset.

(ii) Reclassification to investment property

The property is reclassified to investment property at its book value when the use of the property changes from owner-occupied to investment property.

(iii) Subsequent cost

Subsequent expenditure is capitalized only when it is probable that the reasonably measurable future economic benefits associated with the expenditure will flow to the Company. The book value of those parts that are replaced is derecognized. Ongoing repairs and maintenance are expensed as incurred. Major additions, improvements and replacements in subsequent periods are capitalized, while maintenance and repairs are recognized as current expenses.

(iv) Depreciation

The depreciable amount of an asset is determined after deducting its residual amount, and it shall be calculated on a systematic basis over its useful life. Items of property and equipment with the same useful life may be grouped in determining the depreciation charge. The remainder of the items may be depreciated separately. The depreciation charge for each period shall be recognized in profit or loss.

The estimated useful lives for the current and comparative periods of significant items are as follows:

1)	Buildings	10～55 years
2)	Machinery and equipment	3～10 years
3)	Leasehold improvements	3～15 years

(Continued)

JIHSUN SECURITIES CO., LTD.
Notes to the Financial Statements

(l) Lease

(i) Identifying a lease

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

1) The contract involves the use of an identified asset－this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and

2) The Company has the right to obtain substantially all of the economic benefits from use of this identified asset throughout the period of use; and

3) The Company has the right to direct the use of an identified asset if either:

- the Company has the right to operate about how and for what purpose the identified asset is used; or
- the relevant decisions regarding the use of the identified asset and the purpose of its use are predetermined, and
  - the Company has the right to operate the asset and the supplier does not have the right to change the operation; or
  - the Company designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

(ii) As a leasee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including substantial fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change of its assessment on whether it will exercise purchase option of underlying asset; or
- there is a change of its assessment on whether it will exercise extension or termination option; or
- there is any lease modifications.

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(iii) As a leasor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards

(Continued)

of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(m) Investment property

The investment property possessed by the Company is the property held either to earn rental income or for capital appreciation or for both. Investment property includes office buildings and lands rented as operating lease.

Part of the property may be held by the Company for operation and the remaining is used to generate rental income or capital appreciation. If the property held by the Company can be sold individually, it should be recognized respectively. Property for self-use is following IFRS 16 accepted by FSC, and the property held either to earn rental income or for capital appreciation or for both is recognized as investment property which is in accordance with IFRS 40 accepted by FSC. 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.

When the future economic benefit related to the investment property is highly probable to flow into the Company and the cost can be reliably measured, the investment property shall be recognized as assets. Under the same condition, the subsequent expenses of the assets shall be capitalized. Furthermore, all maintenance cost is recognized when incurred in the statement of comprehensive income.

The replacement cost should be recognized in the book value of the investment property given that the criteria of recognition can be met.

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

The estimated useful lives for the current and comparative periods of significant items are as follows:

Buildings	10～55 years

(n) Intangible assets

Computer software is recorded on the basis of the actual cost of acquisition and the subsequent evaluation is prepared under cost method. The amortization expense is calculated by the amortizable amount after initial recognition and uses the straight-line method over 3 to 5 years from the month acquires.

(o) Non-financial asset impairment

In compliance with IAS 36 “Impairment of Assets”, accepted by FSC, at each balance sheet date, the recoverable amount of non-financial asset (the higher of net fair value or value-in-use) is estimated and compared with the book value whenever there is an indication that the non-financial asset may be impaired. An impairment loss is recognized in account “impairment loss on assets” when the recoverable amount, higher of fair market value or value in use, is less than the book value. For assets other than goodwill, reversal of impairment loss is recognized when the recoverable amount of

(Continued)

the asset has increased from its prior-period estimation. The book value after the reversal shall not exceed the original cost less depreciation or amortization of the assets assuming no impairment loss was recognized in prior periods.

(p) Employee benefit

(i) Short-term employee benefit

The Company charges the short-term and non-discounted benefit expectedly paid in near future to current expenses over the periods within twelve months after the reporting date which services are rendered by employees.

(ii) Post-employment benefits: Retirement plan includes defined contribution plan and defined benefit plan.

Defined contribution plan refers to the plan that the Company annually provides certain amount of money to funds to fulfill the obligation. The Company provides pension based on compulsory obligation, contracts or voluntary will to public or private managed pension funds. If certain pension fund fails to pay the employees for rewards of services rendered by employees during prior and current period, the Company does not hold legal or constructive obligation to pay additional provision. The Company recognizes the pension fund provided as current pension cost on accrual basis.

The Company made a pension plan with contributions amounting to 3% of gross salaries. Funds were deposited in a designated pension fund bank account which administered by the Pension Fund Administrative Committee independently. The pension plan still remained applicable until adoption of the Labor Standards Law on March 1, 1998. The pension plan has been applicable to the Labor Pension Act since July 1, 2005.

A defined benefit plan is a post-employment benefit plan under which the pension amount is determined by employee's vested amount at the time of retirement on the basis of their ages, seniority and compensated salaries.

The Company recognizes pension asset or liability in balance sheet as the net amount of actuarial present value of defined benefit obligation, less fair value of plan assets. The calculation of defined benefit obligation is performed annually by an actuary using the projected unit credit method. The actuarial present value of defined benefit obligation is calculated by discounting future cash flow at the discount rate applied by the Company after taking into account the interest rate of high-quality corporate bond or government bond, which should be issued in the same currency as that of post-employment benefit payments. The maturity of the bonds should also match the period of pension liability. The Company recognizes actuarial gains and losses which are incurred by the change of actual experience and actuarial assumption in other comprehensive income.

(Continued)

Remeasurements of the net defined benefit liabilities (assets), which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liabilities (assets) for the period by applying the discount rate used to measure the defined benefit liabilities at the beginning of the annual period to the net defined benefit liabilities (assets). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the defined benefits plans are changed or curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(q) Provisions

The Company recognizes the provision under the circumstances below:

(i) An entity has a present obligation, legal or constructive, as a result of a past event;

(ii) It is probable that an outflow of economic benefits resources will be required to settle the obligation; and

(iii) The amount of the obligation can be estimated reliably.

The amount recognized as a provision should be the estimate of the expenditure required to settle the present obligation at the end of the reporting period. The individual provisions of the Company is the best estimate of the individual results.

(r) Income tax

Income tax expenses include both current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the book value of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes shall not be recognized for the situations as follows:

(i) Temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

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JIHSUN SECURITIES CO., LTD.
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(ii) Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) Taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting day.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) The entity has the legal right to settle current tax assets and current tax liabilities on a net basis; and

(ii) The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) The same taxing authority; or

2) Different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

After adopting the imputation tax method in 1998, a surtax on undistributed earnings is levied as current tax expense in the year that the stockholder's meeting declaring the distribution of earnings.

Since the year ended December 31, 2003, the Company and the parent company, "JihSun Financial Holding Co., Ltd.", and its subsidiaries "Jih Sun International Bank, Ltd. and JihSun International Property Insurance Agency Co., Ltd." adopted the jointly tax filing return principle to file the annual income tax return and make tax payment. The current tax assets and liabilities between the parent company and subsidiaries are allocated reasonably and consistently to individual companies.

(s) Revenue recognition

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue can be measured reliably. The bases are as follows:

(i) Brokerage handling fee revenue, gains (losses) on sale of operating securities are recognized at the date of securities transaction.

(ii) Interest income and expense on margin loans, securities financing, bond investments under resale agreements, and liabilities for bonds with attached repurchase agreements are recognized respectively over the period on an accrual basis.

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JIHSUN SECURITIES CO., LTD.
Notes to the Financial Statements

(iii) Consulting and financial advisory service income, revenue and expenses from underwriting businesses, revenue from providing agency service for stock affairs, future commission revenue are recognized in accordance with related agreements on accrual basis.

(iv) Futures and options transaction income: The premium of transactions is recognized at cost. Daily evaluation under market value, contract gain or loss through reversing trade and transaction income or loss arising from settlement are recognized in profit or loss of current period. Proprietary handling fee expenses are recognized at the date of the transaction.

(v) Dividend revenue: Dividend revenue is recognized when the Company has the right to receive the dividend.

(t) Contingent liability

A contingent liability is defined as a possible obligation that arises from past events and 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 Company; or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. The Company shall not recognize a contingent liability; instead, contingent liability shall be appropriately disclosed.

(u) Share-based payment

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

(v) Earnings per share

The Company discloses the basic EPS attributed to the common stock holders. EPS of the Company is calculated as dividing profit and loss attributed to common stock stockholders by the weight-average number of common shares outstanding of the period.

(w) Operating segments

Segment information has been presented in the consolidated financial statements, and not presented in this standalone financial statement.

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JIHSUN SECURITIES CO., LTD.
Notes to the Financial Statements

(5) Primary sources of significant accounting judgments, and uncertainty of estimates and assumptions

The financial statements are influenced by accounting policies, assumptions and estimates. When preparing the financial statements, the management needs to make appropriate professional judgments, estimates and assumptions, and will affect the adoption of accounting policies, reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from these estimates.

The management continued to monitor the accounting assumptions, estimates and judgments. The management recognized the changes in the accounting estimates during the period and the impact of the changes in the accounting estimate in the next period.

Major sources of uncertainty for assumptions and estimation

The Company has made proper assumptions and estimations toward book value of assets and liabilities which may have significant risk due to significant adjustments in the next fiscal year. The Company's assumptions and estimations are made by following IFRS as accepted by FSC, and are considered as the best estimation. Estimation and assumption are made based on the past experience and other factors, encompassing the expectation for the future period, and are evaluated continuously.

The following information is the primary sources of major assumptions and estimated uncertainties. The assumptions and uncertainties may result in adjusting book value of assets or liabilities in the next fiscal year.

Fair value of financial instruments

A valuation method is used for the determination of financial instrument's fair value which is without active market or without quotation in an active market. Under this situation, the valuation of fair value is based on the observation of similar financial instruments with observable information. If no quotation can be referred to, fair value of a financial instrument would be determined under proper assumptions. When valuation model is applied for the determination of fair value, all models should be aligned in order to ensure that the outcome reflects actual information and market price. Observable information is applied mostly in models; however, certain items, such as credit risk (the risk bears by the Company itself and the counterparty) should rely on the management's estimation toward fluctuation and correlation. Please refer to Note (6)(ab) for information on financial instruments sensitivity analyses.

For measurement on assets and liabilities by the Company, the market observable value are used as much as possible. Level of fair value hierarchy is based on the evaluation of the input value of the technology used in the following:

Level 1: Determined as the quoted price for identical assets or liabilities in an active market (unadjusted quoted price).

Level 2: Determined as the observable price other than quoted price in an active market, including an observable input obtained in an active market, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: Input for a fair value measurement for assets or liabilities is not based on obtainable data from the market (an unobservable input).

The Company recognizes the transfer on the reporting date when the fair value level are changed or adjusted.

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JIHSUN SECURITIES CO., LTD.
Notes to the Financial Statements

(6) Summary of major accounts

(a) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash in banks:		
Savings accounts	$ 425,083	535,594
Checking accounts	23,988	30,191
Time deposits	925,600	1,013,669
	1,374,671	1,579,454
Cash equivalent－future excess margin	283,476	52,940
Cash equivalent－short-term notes due in three months	719,508	529,348
Total	**$ 2,377,655**	**2,161,742**

(b) Financial assets and liabilities at fair value through profit or loss－current

	December 31, 2020	December 31, 2019
Financial assets at fair value through profit or loss, mandatorily measured at fair value:		
Non-derivative financial assets		
Securities held for operations－proprietary	$ 5,237,680	8,400,443
Securities held for operations－underwriting	599,389	482,919
Securities held for operations－hedging	180,255	215,917
Subtotal	6,017,324	9,099,279
Derivative instruments		
Buy options－futures	15,310	3,037
Futures margin－own funds	74,430	13,271
Subtotal	89,740	16,308
Total	**$ 6,107,064**	**9,115,587**

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JIHSUN SECURITIES CO., LTD.
Notes to the Financial Statements

	December 31, 2020	December 31, 2019
Financial liabilities designated as at fair value through profit and loss:		
Structured instruments	$ 375,859	242,617
Financial liabilities held for trading:		
Derivative instruments		
Warrants liabilities	1,591,455	2,888,350
Warrants redeemed	(1,565,238)	(2,863,468)
Sell options－futures	15,184	1,393
Subtotal	41,401	26,275
Total	**$ 417,260**	**268,892**

(i) Securities held for operations－proprietary

	December 31, 2020	December 31, 2019
Listed stocks	$ 500,274	376,617
Over-the-counter stocks and funds	45,179	43,415
Emerging stocks	166,040	133,268
Government bonds	1,155,305	1,062,571
Corporate bonds	2,258,298	3,411,026
Convertible corporate bonds	28,690	151,718
Financial debentures	-	307,324
International bonds	60,843	457,033
Foreign bonds	1,034,089	2,533,043
Subtotal	5,248,718	8,476,015
Valuation adjustment on securities held for operations－proprietary	(11,038)	(75,572)
Total	**$ 5,237,680**	**8,400,443**

The information about the financial assets held under repurchase agreement please refer to Note (6)(o).

JIHSUN SECURITIES CO., LTD.
Notes to the Financial Statements

(ii) Securities held for operations－underwriting

	December 31, 2020	December 31, 2019
Listed stocks	$ 149,991	27,557
Over-the-counter stocks	13,974	68,856
Convertible corporate bonds	406,222	372,161
Unlisted stocks	2,500	61
Subtotal	572,687	468,635
Valuation adjustment on securities held for operations －underwriting	26,702	14,284
Total	**$ 599,389**	**482,919**

(iii) Securities held for operating－hedging

	December 31, 2020	December 31, 2019
Listed stocks and warrants	$ 170,731	207,626
Over-the-counter stocks	6,701	8,299
Subtotal	177,432	215,925
Valuation adjustment on securities held for operations －hedging	2,823	(8)
Total	**$ 180,255**	**215,917**

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

	December 31, 2020	December 31, 2019
Investments in debt instruments designated at fair value through other comprehensive income－proprietary:		
Government bonds	$ 7,321,479	8,120,243
Corporate bonds	13,772,641	12,289,678
Financial debentures	600,000	600,000
Foreign bonds	2,157,447	1,570,169
Valuation adjustment	470,913	206,542
Subtotal	24,322,480	22,786,632
Investments in equity instruments designated at fair value through other comprehensive income－proprietary:		
Listed stocks	6,004,655	9,547,985
Valuation adjustment	(516,273)	(821,787)
Subtotal	5,488,382	8,726,198
Total	**$ 29,810,862**	**31,512,830**

(Continued)

JIHSUN SECURITIES CO., LTD.
Notes to the Financial Statements

(i) Investments in debt instruments designated at fair value through other comprehensive income

The Company evaluated that the above investments in debt instruments are held within a business model whose objective are achieved by both collecting contractual cash flows and selling financial assets; therefore, they have been classified as investments in debt instruments designated at fair value through other comprehensive income.

The information about the financial assets held under repurchase agreement please refer to Note (6)(o).

(ii) Investments in equity instruments designated at fair value through other comprehensive income

The Company evaluated above investments in equity instruments are held within strategy investment objective, not held for trading; therefore, they have been classified as investments in equity instruments designated at fair value through other comprehensive income.

1) Dividend income from investments in equity instruments designated at fair value through other comprehensive income:

	For the years ended December 31,	
	2020	2019
Investments held at the end of the reporting period	$ 253,529	368,928
Investments derecognized during the reporting period	$ 64,898	-

2) The Company derecognized some stocks designated at fair value through other comprehensive income due to investment strategy considerations. The related accumulated disposal gains (losses) were transferred from other equity to retained earings and the fair value at derecognition date and accumulated disposal gains (losses) were as follow :

	For the years ended December 31,	
	2020	2019
Fair value at derecognition date	$ 2,978,425	38,110
Accumulated disposal gains (losses)	$ (564,905)	(4,249)

(iii) Credit risk and market risk information please refer to Note (6)(ac).

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Notes to the Financial Statements

(iv) Impairment loss (reversal of impairment loss) on investments in debt instruments designated at fair value through other comprehensive income is as follows:

	For the year ended December 31, 2020			
	12-month ECL	Lifetime ECLs－without impairment	Lifetime ECLs－with impairment	Total
Beginning balance	$ 9,364	-	-	9,364
Due to fluctuation in financial assets since initial recognition:				
- Derecognition of financial assets	(649)	-	-	(649)
Current increase	1,982	-	-	1,982
Current derecognition	(92)	-	-	(92)
Other fluctuation and exchange rate fluctuation	4,253	-	-	4,253
Ending balance	**$ 14,858**	**-**	**-**	**14,858**

	For the year ended December 31, 2019			
	12-month ECL	Lifetime ECLs－without impairment	Lifetime ECLs－with impairment	Total
Beginning balance	$ 6,675	-	-	6,675
Due to fluctuation in financial assets since initial recognition:				
- Derecognition of financial assets	(1,378)	-	-	(1,378)
Current increase	3,980	-	-	3,980
Current derecognition	(131)	-	-	(131)
Other fluctuation and exchange rate fluctuation	218	-	-	218
Ending balance	**$ 9,364**	**-**	**-**	**9,364**

(d) Margin loans receivable

The securities purchased by the client through financing are served as collateral of margin loans receivable.

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JIHSUN SECURITIES CO., LTD.
Notes to the Financial Statements

(e) Accounts receivable

	December 31, 2020	December 31, 2019
Accounts receivable－related parties	$ 10,168	6,820
Accounts receivable－non-related parties		
Receivable accounts for settlement	9,571,212	5,571,518
Settlement price	1,990,198	-
Accounts receivable－finance interest	130,038	157,185
Accounts receivable－bond interest	144,601	173,960
Accounts receivable－trading of securities	204,587	58,758
Accounts receivable－from providing agency service for stock affairs	5,599	7,076
Accounts receivable－others	118,470	79,447
Allowance for bad debts－accounts receivable	(2,044)	(2,022)
Subtotal	12,162,661	6,045,922
Total	**$ 12,172,829**	**6,052,742**

The aging analysis of accounts receivable was determined as follows:

	December 31, 2020	December 31, 2019
None past due	$ 12,174,873	6,054,764
0 to 30 days past due	-	-
31 to 120 days past due	-	-
More than 1 year past due	-	-
	$ 12,174,873	**6,054,764**

The information about provision for allowance for bad debts please refer to Note (6)(aa).

The information about credit risk please refer to Note (6)(ac).

(f) Other current assets－others

	December 31, 2020	December 31, 2019
Other receivables	$ 62,886	65,858
Allowance for bad debts－other receivables	(44,504)	(46,415)
Other receivables－related parties	17,101	21,996
Amounts held for settlement	358,223	286,694
Receipts under custody from exercise of warrant	7	7
Receipts under custody from customers' security subscription	1,417,986	7
Total	**$ 1,811,699**	**328,147**

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JIHSUN SECURITIES CO., LTD.
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The information about provision for allowance for bad debts please refer to Note (6)(aa).

The information about credit risk please refer to Note (6)(ac).

(g) Investments accounted for using equity method

The investments accounted for using equity method at the reporting date are as follows:

	December 31, 2020	December 31, 2019
Associate－JihSun Securities Investment Trust Co., Ltd.	$ 292,320	303,778
Subsidiaries	3,680,815	3,562,971
Total	**$ 3,973,135**	**3,866,749**

In 2020 and 2019, the proportionate shares of gains from associates are as follows:

	For the years ended December 31,	
	2020	2019
Proportionate share of gains from associates	**$ 11,942**	**21,326**

The aforementioned investments accounted for using equity method and its related revenues are recognized by the amount audited by CPAs.

Supplemental disclosure pursuant to the " Regulations Governing the Preparation of Financial Reports by Securities Firms": please refer to Note (13) Disclosures required.

As of December 31, 2020 and 2019, investments accounted for using equity method are not pledged as collaterals.

A summary of financial information for the associate company are as follows:

	December 31, 2020	December 31, 2019
Total assets	$ 1,297,998	1,270,148
Total liabilities	(212,450)	(127,311)
	$ 1,085,548	**1,142,837**

	For the years ended December 31,	
	2020	2019
Revenue	**$ 300,061**	**278,529**
Net income for the period	**$ 59,711**	**106,630**

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JIHSUN SECURITIES CO., LTD.
Notes to the Financial Statements

(h) Financial assets at fair value through profit or loss－non-current

	December 31, 2020	December 31, 2019
Financial assets at fair value through profit or loss, mandatorily measured at fair value－non-current－proprietary:		
Foreign stocks	$ 29,116	29,116
Valuation adjustment	(29,116)	(29,116)
Subtotal	-	-
Financial assets at fair value through profit or loss, mandatorily measured at fair value－non-current－underwriting:		
Unlisted stocks	23,226	23,226
Valuation adjustment	(23,226)	(23,225)
Subtotal	-	1
Total	**$ -**	**1**

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

	December 31, 2020	December 31, 2019
Investments in equity instruments designated at fair value through other comprehensive income－non-current		
Non listed and TPEx stocks	$ 2,044,389	2,070,290
Valuation adjustment	4,761,300	3,606,562
Total	**$ 6,805,689**	**5,676,852**

(i) Investments in equity instruments designated at fair value through other comprehensive income

The Company evaluated above investments in equity instruments are held within strategy investment objective, not held for trading; therefore, they have been classified as investments in equity instruments designated at fair value through other comprehensive income.

1) Dividend income from investments in equity instruments designated at fair value through other comprehensive income:

	For the years ended December 31,	
	2020	2019
Investments held at the end of the reporting period	**$ 164,879**	**168,990**
Investments derecognized during the reporting period	**$ -**	**1,372**

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Notes to the Financial Statements

2) The Company derecognized some stocks designated at fair value through other comprehensive income due to investment strategy considerations. The related accumulated disposal gains (losses) were transferred from other equity to retained earings and the fair value at derecognition date and accumulated disposal gains (losses) were as follow :

	For the years ended December 31,	
	2020	2019
Fair value at derecognition date	$ 36,510	10,920
Accumulated disposal gains (losses)	$ 10,609	2,224

(ii) Credit risk and market risk information please refer to Note (6)(ac).

(j) Property and equipment

December 31, 2020	Cost	Accumulated depreciation	Net
Land	$ 1,195,962	-	1,195,962
Buildings	527,876	293,449	234,427
Machinery and equipment	889,362	722,539	166,823
Leasehold improvements	218,186	206,398	11,788
Total	$ 2,831,386	1,222,386	1,609,000

December 31, 2019	Cost	Accumulated depreciation	Net
Land	$ 1,062,386	-	1,062,386
Buildings	507,089	269,937	237,152
Machinery and equipment	838,982	700,589	138,393
Leasehold improvements	209,953	199,459	10,494
Total	$ 2,618,410	1,169,985	1,448,425

Changes in the cost are as below:

	January 1, 2020	Current increase (Note 1)	Current decrease (Note 2)	Other (Note 3)	December 31, 2020
Land	$ 1,062,386	-	-	133,576	1,195,962
Buildings	507,089	-	-	20,787	527,876
Machinery and equipment	838,982	81,501	(31,121)	-	889,362
Leasehold improvements	209,953	8,303	(70)	-	218,186
Total	$ 2,618,410	89,804	(31,191)	154,363	2,831,386

Note 1: For the year ended December 31, 2020, the increase in property and equipment resulted from the purchase of property for $83,603, and the prepayments for business facilities which transferred into property and equipment for $6,201.

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Note 2: For the year ended December 31, 2020, the decrease in property and equipment resulted from the retirement of property for $31,191.

Note 3: For the year ended December 31, 2020, the increase resulted from transferring from investment property for $154,363.

	January 1, 2019	Current increase (Note 1)	Current decrease (Note 2)	December 31, 2019
Land	$ 1,064,907	-	(2,521)	1,062,386
Buildings	510,133	-	(3,044)	507,089
Machinery and equipment	806,892	61,544	(29,454)	838,982
Leasehold improvements	208,834	2,014	(895)	209,953
Total	**$ 2,590,766**	**63,558**	**(35,914)**	**2,618,410**

Note 1: For the year ended December 31, 2019, the increase in property and equipment resulted from the purchase of property for $46,835, and the prepayments for business facilities which transferred into property and equipment for $16,723.

Note 2: For the year ended December 31, 2019, the decrease in property and equipment resulted from the retirement of property for $30,349, and the sale of land and buildings for $5,565.

Changes in accumulated depreciation are as below:

	January 1, 2020	Depreciation	Current decrease (Note1)	Other (Note 2)	December 31, 2020
Buildings	$ 269,937	10,114	-	13,398	293,449
Machinery and equipment	700,589	52,804	(30,854)	-	722,539
Leasehold improvements	199,459	7,009	(70)	-	206,398
Total	**$ 1,169,985**	**69,927**	**(30,924)**	**13,398**	**1,222,386**

Note 1: For the year ended December 31, 2020, the decrease in accumulated depreciation resulted from the retirement of property for $30,924.

Note 2: For the year ended December 31, 2020, the increase resulted from transferring from investment property for $13,398.

	January 1, 2019	Depreciation	Current decrease (Note 1)	December 31, 2019
Buildings	$ 260,614	9,780	(457)	269,937
Machinery and equipment	686,422	43,295	(29,128)	700,589
Leasehold improvements	190,987	9,367	(895)	199,459
Total	**$ 1,138,023**	**62,442**	**(30,480)**	**1,169,985**

Note 1: For the year ended December 31, 2019, the decrease in accumulated depreciation resulted from the retirement of property for $30,023, and the sale of land and buildings for $457.

Pledged details of property are disclosed in Note (8) Pledged assets.

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JIHSUN SECURITIES CO., LTD.
Notes to the Financial Statements

(k) Right-of-use assets

December 31, 2020	Cost	Accumulated depreciation	Net
Buildings	$ 394,990	130,815	264,175
Machinery and equipment	42,338	15,022	27,316
Other assets	572	391	181
Total	**$ 437,900**	**146,228**	**291,672**

December 31, 2019	Cost	Accumulated depreciation	Net
Buildings	$ 257,344	101,330	156,014
Machinery and equipment	33,132	9,262	23,870
Other assets	1,076	402	674
Total	**$ 291,552**	**110,994**	**180,558**

Changes in the cost are as below:

	January 1, 2020	Current increase	Current decrease	December 31, 2020
Buildings	$ 257,344	216,684	(79,038)	394,990
Machinery and equipment	33,132	17,987	(8,781)	42,338
Other assets	1,076	-	(504)	572
Total	**$ 291,552**	**234,671**	**(88,323)**	**437,900**

	January 1, 2019	Current increase	Current decrease	December 31, 2019
Buildings	$ 227,812	63,771	(34,239)	257,344
Machinery and equipment	14,345	21,375	(2,588)	33,132
Other assets	1,059	481	(464)	1,076
Total	**$ 243,216**	**85,627**	**(37,291)**	**291,552**

Changes in accumulated depreciation are as below:

	January 1, 2020	Depreciation	Current decrease	December 31, 2020
Buildings	$ 101,330	107,257	(77,772)	130,815
Machinery and equipment	9,262	14,249	(8,489)	15,022
Other assets	402	463	(474)	391
Total	**$ 110,994**	**121,969**	**(86,735)**	**146,228**

	January 1, 2019	Depreciation	Current decrease	December 31, 2019
Buildings	$ 22,450	113,119	(34,239)	101,330
Machinery and equipment	-	11,850	(2,588)	9,262
Other assets	-	575	(173)	402
Total	**$ 22,450**	**125,544**	**(37,000)**	**110,994**

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JIHSUN SECURITIES CO., LTD.
Notes to the Financial Statements

(l) Investment property

December 31, 2020	Cost	Accumulated depreciation	Net
Land	$ 72,729	-	72,729
Buildings	55,117	31,307	23,810
Total	**$ 127,846**	**31,307**	**96,539**

December 31, 2019	Cost	Accumulated depreciation	Net
Land	$ 206,305	-	206,305
Buildings	75,904	43,550	32,354
Total	**$ 282,209**	**43,550**	**238,659**

Changes in the cost are as below:

	January 1, 2020	Current increase	Current decrease (Note 1)	Other	December 31, 2020
Land	$ 206,305	-	(133,576)	-	72,729
Buildings	75,904	-	(20,787)	-	55,117
Total	**$ 282,209**	**-**	**(154,363)**	**-**	**127,846**

Note 1: For the year ended December 31, 2020, the decrease resulted from transferring out to property and equipment for 154,363.

	January 1, 2019	Current increase	Current decrease	Other	December 31, 2019
Land	$ 206,305	-	-	-	206,305
Buildings	75,904	-	-	-	75,904
Total	**$ 282,209**	**-**	**-**	**-**	**282,209**

Changes in accumulated depreciation are as below:

	January 1, 2020	Depreciation	Current decrease (Note1)	Other	December 31, 2020
Buildings	**$ 43,550**	**1,155**	**(13,398)**	**-**	**31,307**

Note 1: For the year ended December 31, 2020, the decrease resulted from transferring out to property and equipment for 13,398.

	January 1, 2019	Depreciation	Current decrease	Other	December 31, 2019
Buildings	**$ 42,048**	**1,502**	**-**	**-**	**43,550**

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JIHSUN SECURITIES CO., LTD.
Notes to the Financial Statements

The rental incomes and direct operating expenses arising from investment property under operating lease of the Company was as follows:

	For the years ended December 31,	
	2020	2019
Rental incomes arising from investment property	$ 10,260	15,291
Direct operating expenses arising from investment property that generated current rental incomes	$ 809	862
Direct operating expenses arising from investment property that did not generate current rental incomes	$ -	-

As of December 31, 2020 and 2019, the fair value of the investment property is $197,634 and $550,365, respectively. The fair value mentioned above was evaluated by the Appraisal Department of Credit Office of Jih Sun International Bank, Ltd., (with related recognized professional qualifications and having related experience in field of locations and types of the investment property evaluated in the near term) semiannually. The appraisal of property relies mainly on the approach of comparison of market value, supplemented by income approach, cost approach and land development approach. The evaluation is based on objective comparison analysis of market researches in order to acquire the gross value and net value of the evaluated objects. The rental income with sustained stability or operating properties are evaluated mainly by income approach, supplemented by the approach of comparison of market value, expounded the estimation of gross value and net value of the evaluated objects.

Pledged details of investment property are disclosed in Note (8) Pledged assets.

(m) Intangible assets

	December 31, 2020	December 31, 2019
Computer software	$ 79,987	62,692

The movements of intangible assets are as follows:

	January 1, 2020	Current increase (Note 1)	Current decrease	December 31, 2020
Computer software	$ 62,692	42,190	(24,895)	79,987

	January 1, 2019	Current increase (Note 2)	Current decrease	December 31, 2019
Computer software	$ 56,781	28,389	(22,478)	62,692

Note 1: The increase in intangible assets includes the purchase of intangible assets for $34,211 and the transfer from prepayments for business facilities for $7,979.

JIHSUN SECURITIES CO., LTD.
Notes to the Financial Statements

Note 2: The increase in intangible assets includes the purchase of intangible assets for $17,378 and the transfer from prepayments for business facilities for $11,011.

(n) Other non-current assets

	December 31, 2020	December 31, 2019
Operation guarantee deposits	$ 590,000	590,000
Clearing and settlement fund－TWSE	72,623	77,858
Clearing and settlement fund－OTC	69,975	72,474
Clearing and settlement fund－TAIFEX	21,922	22,734
Refundable deposits	145,916	151,743
Non-current defined benefits asset	-	1,260
Compensation reserved for trust fund	50,000	50,000
Overdue receivables	2,811	2,118
Allowance for bad debts－overdue receivables	(2,811)	(2,118)
Prepayments for business facilities	91,135	24,766
Total	**$ 1,041,571**	**990,835**

The information about provision for allowance for bad debts please refer to Note (6)(aa).

Credit risk information please refer to Note (6)(ac).

Pledged details of refundable deposits are disclosed in Note (8) Pledged assets.

JIHSUN SECURITIES CO., LTD.
Notes to the Financial Statements

(o) Liabilities for bonds with attached repurchase agreements

	December 31, 2020	December 31, 2019
Government bonds	$ 8,339,899	8,958,333
Corporate bonds	16,014,676	15,671,721
Convertible corporate bonds	-	5,002
Financial debentures	601,163	901,312
International bonds	51,460	317,253
Foreign bonds	2,709,667	3,651,428
Selling price	**$ 27,716,865**	**29,505,049**
Par value	**$ 27,890,306**	**29,741,434**
Designated repurchase amount (Note)	**$ 24,960,988**	**25,865,567**
Designated repurchase date	2021.1.4~2021.3.16	2020.1.2~2020.3.2

Note: As of December 31, 2020, international bonds and foreign bonds sold under repurchase agreements without designated repurchase date are excluding, and the related selling price and par value of these international bonds and foreign bonds sold under repurchase agreements amounted to $2,761,127 and $2,939,706, respectively.

As of December 31, 2019, foreign bonds sold under repurchase agreements without designated repurchase date are excluding, and the related selling price and par value of these foreign bonds sold under repurchase agreements amounted to $3,651,428 and $3,918,986, respectively.

(p) Accounts payable

	December 31, 2020	December 31, 2019
Accounts payable for settlement	$ 11,445,806	4,925,774
Settlement price	-	677,259
Accounts payable－handling fee discount	306,388	146,043
Accounts payable－trading of securities	172,468	57,839
Accounts payable－handling fee expense	30,273	14,548
Accounts payable－others	91,437	31,344
Total	**$ 12,046,372**	**5,852,807**

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JIHSUN SECURITIES CO., LTD.
Notes to the Financial Statements

(q) Short-term borrowings and commercial paper payable

(i) Short-term borrowings

Bank	Rate range	Period	December 31, 2020
Taipei Fubon Bank	0.700%	2020.9.16 ~ 2021.8.31	$ 500,000

Bank	Rate range	Period	December 31, 2019
First Bank	0.910%	2019.2.20~2020.2.20	$ 200,000

(ii) Commercial paper payable

Bank/bills finance corp.	Rate range	Period	December 31, 2020
Taishin International Bank	0.20%-0.26%	2020.3.31~2021.3.31	$ 570,000
Grand Bills Finance Corp	0.25%-0.27%	2020.6.23~2021.6.22	970,000
Union Bank	0.26%-0.27%	2020.10.14~2021.10.13	500,000
China Bills Finance Corp.	0.25%-0.26%	2020.12.18~2021.12.17	350,000
Dah Chung Bills Finance Corp.	0.25%	2020.10.23~2021.10.22	110,000
Mega Bills Finance Corp.	0.295%	2020.3.9~2021.3.8	30,000
KGI Bank	0.26%-0.34%	2020.1.1~2020.12.31	410,000
Sunny Bank	0.26%	2020.6.6~2021.6.6	100,000
Subtotal			3,040,000
Less: Discount on commercial paper payable			(623)
Total			$ 3,039,377

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JIHSUN SECURITIES CO., LTD.
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Bank/bills finance corp.	Rate range	Period	December 31, 2019
Taishin International Bank	0.53%-0.59%	2019.3.31~2020.3.31	$ 850,000
Grand Bills Finance Corp	0.57%	2019.6.25~2020.6.24	100,000
Union Bank	0.71%	2019.10.14~2020.10.13	230,000
China Bills Finance Corp.	0.62%-0.72%	2010.12.19~2020.12.18	960,000
Dah Chung Bills Finance Corp.	0.62%-0.71%	2019.11.15~2020.11.14	500,000
Mega Bills Finance Corp.	0.69%-0.72%	2019.3.8~2020.3.7	470,000
International Bills Finance Corp.	0.38%-0.70%	2019.4.21~2020.4.21	1,280,000
KGI Bank	0.64%-0.67%	2019.1.1~2019.12.31	700,000
CTBC Bank	0.63%-0.72%	2019.1.1~2019.12.31	720,000
Sunny Bank	0.69%-0.72%	2019.6.6~2020.6.6	430,000
Subtotal			6,240,000
Less: Discount on commercial paper payable			(3,069)
Total			**$ 6,236,931**

Collateral details of bank loans are disclosed in Note (8) Pledged assets.

(r) Lease liabilities

The Company's carrying amounts of lease liabilities are as follows:

	December 31, 2020	December 31, 2019
Current	**$ 110,099**	**85,697**
Non-current	**$ 180,759**	**91,755**

Analysis of cash outflow please refer to Note (6)(ac) Financial risk management.

The amounts recognized in profit or loss are as follows:

	For the years ended December 31,	
	2020	2019
Interest on lease liabilities	**$ 2,692**	**2,353**
Variable lease payments not included in the measurement of lease liabilities	**$ 3,717**	**3,085**
Expenses relating to short-term leases	**$ 5,437**	**6,817**
Expenses relating to lease of low-value assets, excluding short-term leases of low-value assets	**$ 43**	**36**

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JIHSUN SECURITIES CO., LTD.
Notes to the Financial Statements

The amounts recognized in the statement of cash flows for the Company are as follows:

	For the years ended December 31,	
	2020	2019
Total cash outflow for leases (including payments of lease liabilities, interest and the amount recognized in profits or losses mentioned above)	$ 129,946	127,949

(i) Building leases

The Company leases buildings for its office space and branch space. The leases of office space typically run for a period of 5 years, and of branch space for 2 to 5 years.

(ii) Other leases

The Company leases equipment and other assets with lease terms of 2 to 3 years. Some leases are short-term or leases of low-value items that the Company has elected not to recognize right-of-use assets and lease liabilities for these leases.

(s) Operating lease

The Company leases out its investment property that the Company has classified these leases as operating leases because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Please refer to Note (6)(l) sets out information about the operating leases of investment property.

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date is as follows:

	December 31, 2020	December 31, 2019
Less than one year	$ 16,653	19,315
One to two years	11,769	8,512
Two to three years	8,421	2,968
Three to four years	7,093	306
Four to five years	5,287	306
Over five years	573	20
Total undiscounted lease payments	$ 49,796	31,427

JIHSUN SECURITIES CO., LTD.
Notes to the Financial Statements

(t) Provisions

The movements of provisions are as follows:

	January 1, 2020	Reclassification (Note 1)	Provision	Write-off (Note 2)	December 31, 2020
Compensated absences liabilities－current	$ 55,507	-	19,576	(11,922)	63,161
Employee benefits provision －non-current	-	(1,260)	40,394	(15,740)	23,394
Decommissioning costs of leasehold improvements	38,988	-	1,852	-	40,840
Other long-term provision	300	-	1,883	(300)	1,883
Total	**$ 94,795**	**(1,260)**	**63,705**	**(27,962)**	**129,278**

Note 1: Employee benefits provision reclassification amount is stated net of defined benefit assets －non-current.

Note 2: The write-off of compensated absences liabilities－current is the payment for $11,922.

The write-off of employee benefits provision－ non-current is the contributions to plan assets for $15,740.

The write-off of other long-term provision is the reversal for $300.

	January 1, 2019	Reclassification (Note 1)	Provision	Write-off (Note2)	December 31, 2019
Compensated absences liabilities－current	$ 52,317	-	13,922	(10,732)	55,507
Employee benefits provision －non-current	6,110	(5,929)	412	(593)	-
Decommissioning costs of leasehold improvements	38,338	-	650	-	38,988
Other long-term provision	59,260	-	-	(58,960)	300
Total	**$ 156,025**	**(5,929)**	**14,984**	**(70,285)**	**94,795**

Note 1: Employee benefits provision reclassification amount is stated net of defined benefit assets －non-current.

Note 2: The write-off of compensated absences liabilities－current is the payment for $10,732.

The write-off of employee benefits provision－ non-current is the contributions to plan assets for $593.

The write-off of other long-term provision is the reversal for $58,960.

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JIHSUN SECURITIES CO., LTD.
Notes to the Financial Statements

(u) Employee benefits

(i) Pension

The Company complied with IAS 19 Employee Benefits. In addition, there is pension plan applicable to the employees officially recruited by March 1998. For employees applicable to the pension plan mentioned above, the Company distributed 3% of each employee's salary to the Pension Fund account on a monthly basis. When an employee retires or leaves, the pension or termination payment will be paid to the employee by the Pension Fund account, and it is not a defined benefit pension plan. The Company had no longer distributed pension expense to Pension Fund account since March, 1998. As of the reporting date, the changes of the Pension Fund account balances were as follows:

	For the years ended December 31,	
	2020	2019
Beginning balance	$ 41,591	43,929
Add: interest	83	122
Less: payment	(1,372)	(2,460)
Ending balance	**$ 40,302**	**41,591**

(ii) Defined benefit plans

	December 31, 2020	December 31, 2019
Total present value of benefit obligations	$ (584,030)	(557,804)
Fair value of plan assets	560,636	559,064
Upper limit in the plan	-	-
Recognized assets (liabilities) for defined benefit obligations	**$ (23,394)**	**1,260**

The Company's defined benefits asset are as follows:

	December 31, 2020	December 31, 2019
Non-current defined benefits asset	**$ -**	**1,260**

The Company's employee benefits liabilities are as follows:

	December 31, 2020	December 31, 2019
Compensated absences liabilities－current	$ 63,161	55,507
Employee benefits provision－non-current	23,394	-
Total	**$ 86,555**	**55,507**

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JIHSUN SECURITIES CO., LTD.
Notes to the Financial Statements

The Company' s defined benefits plan is contributed to designated depository account with Bank of Taiwan. Payments of pension benefits to employees who are covered by the Labor Standards Act are calculated based on the employee' s average monthly salary for the last 6 months prior to the retirement date and the base point (b.p.) entitlement based on the years of service.

1) Plan assets component

The pension fund contributed by the Company is in compliance with Labor Standards Act, R.O.C. and is under the overall management of the Bureau of Labor Funds, Ministry of Labor (" Bureau of Labor Funds.") According to Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, with regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statement shall be no less than the earnings attainable from the amounts accrued by two year time deposits' interest rates offered by local banks.

As of December 31, 2020 and 2019, the balance of the labor pension reserve in Bank of Taiwan is amounting to $560,636 and $559,064, respectively. Please refer to the website of Council of Labor Affairs for information on labor pension fund assets utilization including earnings rate and fund asset allocation provided by Council of Labor Affairs.

2) Movements in present value of the defined benefits obligation

	For the years ended December 31,	
	2020	2019
Defined benefits obligation on January 1	$ (557,804)	(565,185)
Current service cost and interest cost	(9,074)	(10,943)
Payment	37,141	39,328
Gains or losses on remeasurements of defined benefit plans		
Gains (losses) on the change of the actuarial assumption of demographic statistics	(861)	(1,996)
Gains (losses) on the change of financial actuarial assumption	(23,327)	(13,896)
Experience gains (losses) on defined benefit obligation	(30,806)	(5,637)
Prior years service cost and gains (losses) on curtailments or settlement	701	525
Defined benefits obligation on December 31	**$ (584,030)**	**(557,804)**

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JIHSUN SECURITIES CO., LTD.
Notes to the Financial Statements

3) Movements in fair value of the plan assets

	For the years ended December 31,	
	2020	2019
Fair value of plan assets on January 1	$ 559,064	559,075
Interest revenue	4,179	5,573
Contributions	15,741	13,297
Benefits paid by the plan	(37,141)	(39,208)
Gains or losses on remeasurements of defined benefit plans		
Return on plan assets (excluding current period interests)	18,793	20,327
Fair value of plan assets on December 31	**$ 560,636**	**559,064**

4) Expenses recognized in profit or loss

	For the years ended December 31,	
	2020	2019
Current service cost	$ 4,949	5,370
Prior years service cost	(701)	(53)
Net interest (revenue) expense on plan assets and liabilities	(54)	-
Pension expense	**$ 4,194**	**5,317**

5) Actuarial gains (losses) recognized in other comprehensive income

	For the years ended December 31,	
	2020	2019
Gains (losses) recognized during the period	**$ (36,201)**	**(1,202)**

6) Actuarial assumptions

The following are the Company's primary actuarial assumptions on reporting date:

	For the years ended December 31,	
	2020	2019
Discount rate	0.32 %	0.75 %
Salary growth rate	2.00 %	2.00 %

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is $11,600.

The weighted average lifetime of the defined benefit plan is 9 years.

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JIHSUN SECURITIES CO., LTD.
Notes to the Financial Statements

7) Sensitivity analysis

The present value of defined benefits obligation is based on actuarial results of assumptions as of balance sheet date, and these assumptions such as discount rate and salary growth rate, etc. are needed judgments and estimation by the Company. Any assumption changes will materially affect the carrying amount of defined benefits obligation.

Sensitivity analysis of assumption changes are as follows:

	Effect on the carrying amount of defined benefits obligation	
	Increase 0.25%	**Decrease 0.25%**
December 31, 2020		
Discount rate	(13,741)	14,229
Salary growth rate	13,956	(13,551)
December 31, 2019		
Discount rate	(13,948)	14,460
Salary growth rate	14,244	(13,814)

The above sensitivity analysis is based on one assumption factor change under other factors remaining unchanged. In practice, many assumption factors must remain related. The method of sensitivity analysis adopted is the same as the method of calculation of the present value of defined benefits obligation.

(iii) Defined contribution plan

The defined contribution plan of the Company is in accordance with the Labor Pension Act. The Company contributes 6% of the wages and salaries as labor pension to individual accounts of labor pension at the Bureau for employees applicable to the Act on a monthly basis. The Company has no extra legal obligation or constructive obligation after the Company attributes fixed amount regularly to the Bureau of Labor Insurance.

The Company recognized the amount attributed to the pension fund as the cost of pension for the period. Please refer to Note (6)(aa) pension expense－defined contribution plans.

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JIHSUN SECURITIES CO., LTD.
Notes to the Financial Statements

(v) Income tax and deferred tax

The statutory income tax rate for 2020 and 2019 were both 20%, and the Company calculated the basic tax amount in accordance with the Income Basic Tax Act.

(i) The components of income tax expenses are as follows:

	For the years ended December 31,	
	2020	2019
Current tax expenses	$ 371,920	131,264
Deferred tax expenses	2,350	12,997
Difference of prior year's taxable income assessed by tax authority	17,369	3,233
Under estimate (over estimate) of prior year's income tax	1,853	46,614
	$ 393,492	**194,108**

The components of deferred tax expense (benefit) for the Company are as follows:

	For the years ended December 31,	
	2020	2019
Employee benefits provision	$ 2,309	1,714
Deferred (gains) losses on warrants	2,126	11,064
Deferred (gains) losses on structured instruments	(2,085)	219
	$ 2,350	**12,997**

(ii) As of December 31, 2020 and 2019, the income tax expenses (benefits) recognized under other comprehensive income are as follows:

	For the years ended December 31,	
	2020	2019
Components of other comprehensive income that will not be reclassified to profit or loss		
Actuarial gains or losses of defined benefit plan	$ (7,240)	(240)
Share of other comprehensive income of associates and joint ventures accounted for using equity method	271	(479)
	$ (6,969)	**(719)**

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JIHSUN SECURITIES CO., LTD.
Notes to the Financial Statements

(iii) The reconciliations of income tax expenses (benefits) and net income before tax are as follows:

	For the years ended December 31,	
	2020	2019
Net income before tax from continuing operations	$ 2,424,079	1,357,745
Income tax using the Company's domestic tax rate	484,816	271,549
Tax-exempt income	(107,290)	(98,342)
Difference of prior year's taxable income assessed by tax authority	17,369	3,233
Under estimate (over estimate) of prior year's income tax	1,853	46,614
Others	(3,256)	(28,946)
Income tax expenses recognized in profit or loss	**$ 393,492**	**194,108**

(iv) Deferred tax assets and liabilities recognized

Movements of deferred tax assets are as below:

	Defined benefit plans	Others	Total
Balance at January 1, 2020	$ 4,032	9,682	13,714
Recognized in profit or loss	(2,309)	(746)	(3,055)
Recognized in other comprehensive income	7,240	-	7,240
Balance at December 31, 2020	**$ 8,963**	**8,936**	**17,899**
Balance at January 1, 2019	$ 5,506	20,746	26,252
Recognized in profit or loss	(1,714)	(11,064)	(12,778)
Recognized in other comprehensive income	240	-	240
Balance at December 31, 2019	**$ 4,032**	**9,682**	**13,714**

Movements of deferred tax liabilities are as below:

	Others
Balance at January 1, 2020	$ 34,670
Recognized in profit or loss	(705)
Balance at December 31, 2020	**$ 33,965**
Balance at January 1, 2019	$ 34,451
Recognized in profit or loss	219
Balance at December 31, 2019	**$ 34,670**

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JIHSUN SECURITIES CO., LTD.
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(v) On August 28, 1991, the Company merged with Yeong Lin Securities Co., Pan Chiao Securities Co., Jih Chung Securities Co., and Chia Yi Securities Co., the Company assumed the above four merged companies' assets, liabilities, and related rights and obligations. Pursuant to the Article 13 of the Statute for Upgrading Industries, reserve for land value incremental tax was $21,381. Moreover, the Company applied for the review of land value incremental tax which had paid while it merged with Yeong Lin Securities Co. In accordance with the decision of Kaohsiung Ji-Fa No. 49239, land value incremental tax payable of $9,244 was transferred from capital surplus. Furthermore, the Chia Yi Branch sold land on February 14, 1994, resulting in land value incremental tax payable of $313. In 2002, the Company merged with Toufen Securities Co., Ltd. and took over all its assets and liabilities and relevant rights and obligations. Meanwhile, the Company reserved $3,653 for land value incremental tax. As of December 31, 2020, the total land value incremental tax payable amounted to $33,965.

(vi) The Company's income tax returns of 2016 were assessed by National Taxation Bureau.

(vii) The income tax for the year 2015 of the Company has been assessed by the National Taxation Bureau in April 2019, to pay supplementary payment of $3,233. The adjusted items mainly are the classification differences resulted from directly attributable or non-directly attributable interest income and interest expense. The Company decided not to appeal to further administrative remedies due to the consideration of cost and benefit under the joint filing of the tax returns.

(viii) The income tax for the year 2016 of the Company has been assessed by the National Taxation Bureau in May 2020, to pay supplementary payment of $17,369. The adjusted items mainly are loss on warrants and the classification differences resulted from directly attributable or non-directly attributable interest income and interest expense. The Company decided not to appeal to further administrative remedies due to the consideration of cost and benefit under the joint filing of the tax returns.

(ix) The Company estimated its income tax on stock warrant transactions pursuant to ruling Tai-Cai-Shui-Zi No. 861922464 issued by the Ministry of Finance on December 11, 1997. Accordingly, the proceeds from the issuance of stock warrants are accounted for as premium which is included as part of taxable income. When the investors exercise their warrant rights, such transaction is subject to the securities transaction tax in accordance with the Income Tax Act, and accordingly, any capital gain or loss is not included in the determination of the annual corporate income tax. According to article No. 24-2 of the Income Tax Act passed on July 11, 2007, the Company estimated income tax on stock warrant transactions starting from July, 2007:

1) During the period of issued date to maturity date of the stock warrant, which is issued by the issuer, the profit and the loss of the securities and financial derivative products, traded according to risk management, should be added to taxable income and don't apply to the Income Tax Act, the article No. 4-1 and 4-2.

2) If the trading loss of warrants, underlying securities, and futures derived from risk management exceed the remaining of warrants premiums less related cost of issuance and expenses, the exceeding trading loss is not deductible.

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JIHSUN SECURITIES CO., LTD.
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(x) According to the tax ruling in Tai-Cai-Shui Ruling Letter No. 910458039 "The consolidated tax filing return principle which is promulgated in accordance with the Financial Holding Company Act, Article 49, and the Business Mergers and Acquisitions Act, Article 40" issued on February 12, 2003, by the Ministry of Finance, "Where a Financial Holding Company holds more than 90% of the outstanding issued shares of a domestic subsidiary, such Financial Holding Company may, for the tax year in which its such shareholding in the subsidiary has existed for the entire 12 months of the tax year, elect to be the taxpayer itself, and jointly declare and report profit-seeking enterprise income tax. The parent company and its subsidiaries have adopted the consolidated tax filing return principle starting from 2003 and had filed an annual income tax return of 2003, and undistributed earnings of 2002.

The consolidated tax filing return consists of the Company and the parent company, JihSun Financial Holding Co., Ltd., and its affiliates Jih Sun International Bank, Ltd. and JihSun International Property Insurance Agency Co., Ltd. The consolidated tax filing return principle is used to achieve tax saving purpose, provide equal tax burden to each individual member of the Company and to improve the Company's operating efficiency.

(w) Capital stock and capital surplus

(i) Capital stock

As of December 31, 2020 and 2019, the Company's authorized stocks are both $12,200,000 at $10 dollars par value per share. The issued shares are 1,157,212,760 ordinary shares.

(ii) Capital surplus

The balance of capital surplus are as follow:

	December 31, 2020	December 31, 2019
Additional paid in capital	$ 1,018,800	1,018,800
Consolidated additional paid in capital	279,656	279,656
Total	**$ 1,298,456**	**1,298,456**

According to the R.O.C. Company Act ("the Act"), realized capital surplus can be capitalized and transferred to share capital or payment of cash dividends after offsetting accumulated deficit. Realized capital surplus mentioned above includes the proceeds received in excess of the par value of common stock issued and donated assets. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the amount of capital surplus to be used to increase capital, cannot exceed 10% of paid-in capital each year.

(Continued)

JIHSUN SECURITIES CO., LTD.
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(iii) Other equity

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Other	Total
January 1, 2020	$ (139,071)	3,013,376	495,746	3,370,051
Exchange differences on translation of foreign financial statements	(59,492)	-	-	(59,492)
Share of other comprehensive income of associates and joint ventures accounted for using equity method	-	-	119,590	119,590
Revaluation gains on investments in equity instruments measured at fair value through other comprehensive income	-	905,956	-	905,956
Revaluation gains on investments in debt instruments measured at fair value through other comprehensive income	-	269,865	-	269,865
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	554,296	-	554,296
December 31, 2020	**$ (198,563)**	**4,743,493**	**615,336**	**5,160,266**
January 1, 2019	$ (112,939)	2,417,650	540,328	2,845,039
Exchange differences on translation of foreign financial statements	(26,132)	-	-	(26,132)
Share of other comprehensive income of associates and joint ventures accounted for using equity method	-	-	(44,582)	(44,582)
Revaluation gains on investments in equity instruments measured at fair value through other comprehensive income	-	413,159	-	413,159
Revaluation gains on investments in debt instruments measured at fair value through other comprehensive income	-	180,542	-	180,542
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	2,025	-	2,025
December 31, 2019	**$ (139,071)**	**3,013,376**	**495,746**	**3,370,051**

(Continued)

JIHSUN SECURITIES CO., LTD.
Notes to the Financial Statements

(x) Retained earnings

In accordance with the Company's Article, after-tax earnings, if any, shall be distributed for tax payments and offset cumulative losses. Then 10% of the remaining balance will be set aside as legal reserve and special reserve as required by relevant regulations. The remaining balance and accumulated unappropriated earnings from prior years should be formulated by the Broad of Directors and distributed in accordance with the resolution of the shareholders' meeting.

(i) Legal Reverse

When there is no deficit, the legal reserve could be transferred, after the resolution of shareholders' meeting, to capital or distributed as cash dividends. Only the amount of the legal reserves exceed over 25% of paid-in capital could be transferred or distributed.

(ii) Special reserve

In accordance with Ruling No. 1010028514 issued by the Financial Supervisory Commission on June 29, 2012, the Company shall account the current net deduction of other equity as a special earnings reserve during earnings distribution, and when the relevant asset were used, disposed of, reclassified, this special earnings reserve shall be reversed as distributable earnings proportionately. The carrying amount of special earnings reserve were both amounted to $0 on December 31, 2020 and 2019.

In accordance with the guidelines of the above Ruling, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should be equal to the difference between the total net current-period reduction of special earnings reserve and the carrying amount of other shareholders' equity as stated above. Similarly, a portion of undistributed prior-period earnings shall be reclassified as a special earnings reserve to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

Securities firms should allocate a special reserve of 0.5% to 1% of the net income in the period from 2016 to 2018 in accordance with Ruling No. 10500278285 issued by the FSC on August 5, 2016. From 2017 onwards, reversal of special reserve could be the same amount of staff transformation training, staff transfer or resettlement expenditure in financial technology development. In accordance with Ruling No. 1080321644 issued by the FSC on July 10, 2019, Securities firms are no longer required to set aside a special reserve starting from 2019. Previously established special reserves can continue to be used for the previously described expenditures.

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JIHSUN SECURITIES CO., LTD.
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(iii) Earnings distribution

The Company's resolutions of earnings distribution on 2019 and 2018 were approved by the board of directors on behalf of stockholders on April 22, 2020 and April 18, 2019. (The related information is available at the Market Observation Post System.) The related dividends on common shares are as follows:

	For the years ended December 31,			
	2019		2018	
	Dividend per share (in NTD)	Amount	Dividend per share (in NTD)	Amount
Dividends distributed to common shares				
Cash dividends	$ 0.70	813,349	1.47	1,706,032

(y) Earnings per share

The Company is the subsidiary held 100% by JihSun Financial Holding Co., Ltd. Employees bonuses are not distributed through issuing stocks of the Company. Hence, weighted-average number of common shares outstanding will not be diluted. There is no need to calculate dilutive earnings per share.

The weighted-average number of common shares outstanding used to calculate current earnings per share for the years ended December 31, 2020 and 2019, were both amounted to 1,157,212,760 shares.

(z) Employees and directors' remuneration

According to the Company's article of incorporation, if the Company poses profits in the fiscal year, it shall set aside no less than 0.01% as the remuneration for employees and no higher than 1% as the remuneration for directors. However, if the Company still suffers accumulated losses, it shall retain a certain amount to cover the losses in advance.

For the years ended December 31, 2020 and 2019, the remuneration for employees and directors are estimated to be $39,556 and $23,515, respectively, and are recognized as current operating expenses based on the Company's pretax income before deducted employees' and directors' remuneration multiplied by the ratio set by the Company's articles of incorporation. Differences between the actual outcomes resolved by the shareholder's meeting next year and the estimation will be accounted for as changes in accounting estimates and recognized as next year's profit or loss.

For the year 2019, actual amount of employees' and directors' remuneration are $23,389, the estimated amount of employees' and directors' remuneration accrued in 2019 net income are $23,515. The employees' and directors' remuneration are overestimated by $126, and had been adjusted in 2020 net income. The related information could be accessed through the Market Observation Post System.

For the year 2018, actual amount of employees' and directors' remuneration are $27,704, the estimated amount of employees' and directors' remuneration accrued in 2018 net income are $28,003. The employees' and directors' remuneration are overestimated by $299, and had been adjusted in 2019 net income. The related information could be accessed through the Market Observation Post System.

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JIHSUN SECURITIES CO., LTD.
Notes to the Financial Statements

(aa) Comprehensive Income

(i) Brokerage handling fee revenue

	For the years ended December 31,	
	2020	2019
Handling fee revenues from brokerage trading	$ 3,506,248	2,121,079
Handling fees from securities financing	22,846	15,592
Emerging stock handling fee revenues	49,893	16,574
Income from dealing with securities borrowings	32,741	39,428
Total	**$ 3,611,728**	**2,192,673**

(ii) Revenues from underwriting business

	For the years ended December 31,	
	2020	2019
Revenues from underwriting securities on a firm commitment basis	$ 7,817	15,006
Processing fee revenues from underwriting operations	9,949	13,192
Revenues from underwriting consultation	5,384	8,250
Other revenues from underwriting business	18,724	15,017
Total	**$ 41,874**	**51,465**

(iii) Gains (losses) on sale of operating securities

	For the years ended December 31,	
	2020	2019
Gains (losses) on sale of securities－proprietary	$ 13,069	(40,070)
Gains (losses) on sale of securities－underwriting	48,121	19,243
Gains (losses) on sale of securities－hedging	(126,709)	42,869
Total	**$ (65,519)**	**22,042**

(iv) Valuation gains (losses) on operating securities at fair value through profit or loss

	For the years ended December 31,	
	2020	2019
Valuation gains (losses) on operating securities at fair value through profit or loss－proprietary	$ 64,534	32,874
Valuation gains (losses) on operating securities at fair value through profit or loss－underwriting	12,417	18,901
Valuation gains (losses) on operating securities at fair value through profit or loss－hedging	2,831	3,932
Total	**$ 79,782**	**55,707**

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JIHSUN SECURITIES CO., LTD.
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(v) Gains (losses) from issuance of call (put) warrants

	For the years ended December 31,	
	2020	2019
Gains (losses) on changes in fair value of call (put) warrant liabilities, net	$ (744,150)	1,413,088
Gains (losses) on exercise of call (put) warrants before maturity	19,606	(62)
Gains (losses) on changes in fair value for redeem of call (put) warrants	756,666	(1,394,394)
Gains on expired call (put) warrants	7,035	1,559
Expenses arising from issuance of call (put) warrants	(7,138)	(17,217)
Total	**$ 32,019**	**2,974**

(vi) Interest income

	For the years ended December 31,	
	2020	2019
Revenue from interest－margin	$ 521,340	491,937
Revenue from interest－bond	314,740	388,590
Revenue from interest－others	1,993	1,231
Total	**$ 838,073**	**881,758**

(vii) Gain (loss) from derivative－futures

	For the years ended December 31,	
	2020	2019
Futures contract gain (loss)－realized	$ 230,959	(74,795)
Futures contract gain (loss)－unrealized	12,624	7,485
Option trading gain (loss)－realized	(171,962)	(21,821)
Option trading gain (loss)－unrealized	(4,645)	(1,497)
Total	**$ 66,976**	**(90,628)**

(viii) Gain (loss) from derivative－OTC

	For the years ended December 31,	
	2020	2019
Structured instruments	$ 48,930	(8,845)
Others	(573)	-
Total	**$ 48,357**	**(8,845)**

(Continued)

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(ix) Expected credit loss

	For the years ended December 31,	
	2020	2019
Provision for accounts receivable	$ (2,184)	(381)
Provision for financial assets at fair value through other comprehensive income－debt instruments	(5,494)	(2,689)
Total	**$ (7,678)**	**(3,070)**

The movement in the allowance for accounts receivable, other receivables, and overdue receivables were as follows:

	For the year ended December 31, 2020			
	12-month ECL	Lifetime ECL－without impairment	Lifetime ECL－with impairment	Total
Beginning balance	$ 50	-	50,505	50,555
Current increase	22	-	2,162	2,184
Current recovery	-	-	(3,380)	(3,380)
Ending balance	**$ 72**	**-**	**49,287**	**49,359**

	For the year ended December 31, 2019			
	12-month ECL	Lifetime ECL－without impairment	Lifetime ECL－with impairment	Total
Beginning balance	$ 34	-	51,745	51,779
Current increase	16	-	365	381
Current recovery	-	-	(1,605)	(1,605)
Ending balance	**$ 50**	**-**	**50,505**	**50,555**

(x) Handling fee expense

	For the years ended December 31,	
	2020	2019
Brokerage handling fee expense	$ 258,409	148,941
Proprietary handling fee expense	8,608	6,693
Total	**$ 267,017**	**155,634**

(Continued)

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(xi) Employee benefits expense

	For the years ended December 31,	
	2020	**2019**
Salary expenses	$ 1,733,595	1,452,321
Insurance expenses	129,142	121,280
Directors' remuneration	43,012	33,026
Pension expense		
Defined contribution plan	64,146	56,962
Defined benefits plan	4,194	5,317
Other employee benefits	50,688	41,659
Total	**$ 2,024,777**	**1,710,565**

(xii) Depreciation and amortization expenses

	For the years ended December 31,	
	2020	**2019**
Depreciations	$ 193,051	189,488
Amortizations	24,895	22,478
Total	**$ 217,946**	**211,966**

For the years ended December 31, 2020 and 2019, other compensation for directors' remuneration shown in depreciation and amortization expenses are $1,320 and $432, respectively.

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(xiii) Other operating expense

	For the years ended December 31,	
	2020	**2019**
Stationery/printing	$ 15,327	12,918
Postage and phone expenses	97,714	84,449
Entertainment expenses	18,624	15,376
Utilities expenses	31,406	32,623
Insurance expenses	1,521	1,604
Taxes	183,533	119,449
Rent expenses	5,997	7,820
Repairs and maintenance expenses	63,474	63,391
Advertisement expenses	18,692	13,040
Information and technical service expenses	100,485	101,914
Donation expenses	48	-
Membership fees	4,390	4,662
Traveling expenses	2,203	18,619
Transportation expenses	5,524	6,236
Miscellaneous purchases	7,133	6,488
Employee training expenses	5,958	18,051
Professional service fees	63,559	64,834
Subscription, magazine and periodicals	747	966
Depository service expenses	73,178	46,201
Stock borrowing fees	167,040	203,926
Miscellaneous disbursements	57,147	58,965
Total	**$ 923,700**	**881,532**

For the years ended December 31, 2020 and 2019, other compensation for directors' remuneration shown in other operating expenses are $0 and $270, respectively.

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(xiv) Other gains and losses

	For the years ended December 31,	
	2020	**2019**
Financial income	$ 11,741	21,387
Gains (losses) on disposal and retirement of property and equipment	(267)	3,200
Gains (losses) on lease modifications	3	1
Other gains (losses)	333,017	379,370
Total	**$ 344,494**	**403,958**

(ab) Disclosure of financial instruments

(i) Financial derivatives products

1) Warrants

a) Purpose of issuing warrants, and strategy of achieving the related purpose

The Company issued warrants for trading purposes, and the premiums received from issuance are recorded as liabilities, which are revalued at market price at the balance sheet date. Gain or loss resulting from revaluation or execution of the warrant is credited or charged to current income.

The Company also holds hedge positions of operating securities for trading purposes to hedge against risk resulting from investors' execution of stock warrants in exchange for the underlying securities. The Company's hedging strategy is to achieve hedging of the majority of market risk associated with such warrants.

b) Type, purpose and strategy for holding derivative financial products

The purpose of the Company's hedging strategy is to hedge most of the market risk.

c) Financial statement presentation of derivative financial products

The accounts resulted from issuing warrants by the Company are accounted as "Financial assets at fair value through profit or loss" and "Financial liabilities at fair value through profit or loss", respectively.

For information about the issued stock warrants, please refer to Note (6)(aa).

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2) Futures and options transactions

a) The Company started the dealing of futures and options trading in November, 2001. As of December 31, 2020 and 2019, the futures and option trading which the Company still held were as follows:

Items	Transaction type	Open interest		Contract amount or paid (received) premiums	Fair value	Notes
		Holder/ seller	Volume			
December 31, 2020						
Futures	TAIEX futures	Holder	89	$ 261,228	261,268	Trading
〃	Stock futures	〃	548	492,664	507,694	〃
〃	Mini-TAIEX futures	〃	24	17,476	17,614	〃
Total			**661**	**$ 771,368**	**786,576**	
Futures	TAIEX futures	Holder	9	$ 26,220	26,420	Hedging
〃	Stock futures	〃	233	39,765	40,486	〃
Total			**242**	**$ 65,985**	**66,906**	
Options	TAIEX options－call	Holder	795	$ 6,741	12,686	Trading
〃	TAIEX options－put	〃	1,334	6,508	1,987	〃
Total			**2,129**	**$ 13,249**	**14,673**	
Options	TAIEX options－put	Holder	**158**	**$ 2,252**	**637**	Hedging
Futures	TAIEX Futures	Seller	200	$ (579,430)	(584,320)	Trading
〃	Stock futures	〃	309	(39,752)	(40,122)	〃
〃	Ten－year U.S. treasury note 202103	〃	1	(3,928)	(3,932)	〃
Total			**510**	**$ (623,110)**	**(628,374)**	
Options	TAIEX options－call	Seller	1,208	$ (5,184)	(11,398)	Trading
〃	TAIEX options－put	〃	400	(2,729)	(1,036)	〃
〃	Stock options－call	〃	71	(1,505)	(2,750)	〃
Total			**1,679**	**$ (9,418)**	**(15,184)**	

Items	Transaction type	Open interest		Contract amount or paid (received) premiums	Fair value	Notes
		Holder/ seller	Volume			
December 31, 2019						
Futures	Stock futures	Holder	**93**	**$ 33,675**	**34,937**	Hedging
Options	TAIEX options－put	Holder	**520**	**$ 4,324**	**2,794**	Trading
Options	TAIEX options－put	Holder	**361**	**$ 522**	**243**	Hedging

(Continued)

JIHSUN SECURITIES CO., LTD.
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Items	Transaction type	Open interest: Holder/ seller	Open interest: Volume	Contract amount or paid (received) premiums	Fair value	Notes
Futures	TAIEX futures	Seller	1	$ (2,421)	(2,399)	Hedging
〃	Mini-TAIEX futures	〃	27	(16,297)	(16,192)	〃
〃	Stock futures	〃	153	(78,168)	(81,316)	〃
Total			**181**	**$ (96,886)**	**(99,907)**	
Options	TAIEX options－call	Seller	108	$ (383)	(297)	Trading
〃	TAIEX options－put	〃	324	(1,507)	(1,096)	〃
Total			**432**	**$ (1,890)**	**(1,393)**	

b) Presentation of derivative financial instruments-futures in the financial statements

Margin paid by the Company to engage in futures and options transactions was recognized under assets as financial assets at fair value through profit or loss－current of futures margin－own funds. Option transactions are recognized as buy options-futures or sell options-futures according to the characteristic. Please refer to Note (6)(b) for details.

The Company engaged in futures and index options transactions to produce gain or loss on futures contracts and option transactions (recognized as gains or losses from derivative financial instruments－futures), please refer to Note (6)(aa).

3) Structured instruments

The Company undertakes structured instruments business by combining fixed return commodity with call/put option, and divides into equity-linked note and principal guarantee note. On settlement date, the Company receives rewards from the trading counterparty. However, the rewards may be fluctuated in relation to the degree of increase or decrease of the connected subjects. The pattern of the reward is the trading principal adds/deducts the exercise value of the options at the end of the contract. All of the connected subjects are monetary and financial market instruments which are monitored under SFB. As of December 31, 2020 and 2019, the nominal principals of equity-linked notes were $379,889 and $244,680, respectively; the nominal principals of guarantee notes were both $0.

4) Presentation of derivative assets－OTC in the financial statements

a) Positions held by the Company in foreign currency swaps and structured instruments are recognized in balance sheet as derivative－OTC under financial assets or liabilities at fair value through profit or loss－current and as financial assets designated as at fair value through profit or loss－current. Please refer to Note (6)(b) for details.

b) For the years ended December 31, 2020 and 2019, the Company engaged in foreign currency swaps and structured instruments, and the related presentation of the gains or losses from derivative financial instruments in the statement of income, please refer to Note (6)(aa).

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JIHSUN SECURITIES CO., LTD.
Notes to the Financial Statements

(ii) Fair value of financial assets and liabilities

1) The method and assumption used by fair value measurement

Assets and liabilities	December 31, 2020				
	Book value	Level 1	Level 2	Level 3	Total
Recurring fair value measurement					
Non-derivative instruments					
Assets:					
Financial assets at fair value through profit or loss－current					
Financial assets at fair value through profit or loss, mandatorily measured at fair value					
Stocks	$ 1,110,376	1,039,488	68,159	2,729	1,110,376
Bonds	4,906,948	1,155,596	3,751,352	-	4,906,948
Financial assets at fair value through other comprehensive income－current					
Stocks	5,488,382	5,488,382	-	-	5,488,382
Bonds	24,322,480	7,561,312	16,761,168	-	24,322,480
Financial assets at fair value through other comprehensive income－non-current					
Stocks	6,805,689	-	-	6,805,689	6,805,689
Derivative instruments					
Assets:					
Financial assets at fair value through profit or loss－current					
Financial assets at fair value through profit or loss, mandatorily measured at fair value	89,740	89,740	-	-	89,740
Liabilities:					
Financial liabilities at fair value through profit or loss－current					
Financial liabilities held for trading	41,401	41,401	-	-	41,401
Financial liabilities designated as at fair value through profit or loss－current	375,859	-	-	375,859	375,859
Assets that are not measured at fair value in the balance sheet					
Investment property	96,539	-	-	197,634	197,634

(Continued)

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Assets and liabilities	December 31, 2019 Book value	Level 1	Level 2	Level 3	Total
Recurring fair value measurement					
Non derivative instruments					
Assets:					
Financial assets at fair value through profit or loss－current					
Financial assets at fair value through profit or loss, mandatorily measured at fair value					
Stocks	$ 885,231	797,194	87,993	44	885,231
Bonds	8,214,048	1,062,186	7,151,862	-	8,214,048
Financial assets at fair value through other comprehensive income－current					
Stocks	8,726,198	8,726,198	-	-	8,726,198
Bonds	22,786,632	8,230,846	14,555,786	-	22,786,632
Financial assets at fair value through profit or loss－non-current					
Financial assets at fair value through profit or loss, mandatorily measured at fair value－non-current－underwriting					
Stocks	1	-	-	1	1
Financial assets at fair value through other comprehensive income－non-current					
Stocks	5,676,852	-	-	5,676,852	5,676,852
Derivative instruments					
Assets:					
Financial assets at fair value through profit or loss－current					
Financial assets at fair value through profit or loss, mandatorily measured at fair value	16,308	16,308	-	-	16,308
Liabilities:					
Financial liabilities at fair value through profit or loss－current					
Financial liabilities held for trading	26,275	26,275	-	-	26,275
Financial liabilities designated as at fair value through profit or loss－current	242,617	-	-	242,617	242,617
Assets that are not measured at fair value in the balance sheet					
Investment property	238,659	-	-	550,365	550,365

2) Definition of three-level fair value hierarchy

a) Fair value measurement for a financial instrument classified in Level 1 is determined as the quoted price for an identical financial instrument in an active market. The definition of active market has all of the following conditions: the products traded in the market are homogeneous, willing parties are available anytime in the market, and price information is available for the public. The Company's investments in listed and TPEx securities, beneficiary certificates and derivative financial instruments which had the quoted price in an active market are classified to Level 1.

(Continued)

b) Fair value measurement for a financial instrument classified in Level 2 is determined as the observable price other than the quoted price in an active market including an observable input obtained in an active market, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

c) Input for a fair value measurement for a financial instrument classified in Level 3 is not based on obtainable data from the market (an unobservable input, such as volatility for a share option derived from the share's historical prices, as it does not generally represent current market expectations about future volatility).

3) Valuation techniques of financial assets and liabilities measured by fair value

If there is a quoted price in an active market for the financial asset and liabilities at fair value which are not derivative financial instruments, the quoted price is regarded as its fair value. If there is no quoted price in an active market for the financial asset, its fair value is estimated on the basis of the result of a valuation technique. The estimation and assumption used in the evaluation method, which is adopted by the Company, shares the same information base with the estimation and assumption used by market participants in the pricing of financial facilities. Internal cost of capital is adopted by the discount rate that the Company uses. Zero-coupon bonds are evaluated by using discounted cash flow method. Derivative instruments-options are mainly evaluated by using Black-Scholes Model.

4) Fair value adjustment

a) Valuation models' restriction and uncertainty inputs used to measure fair value

The fair value of financial instrument is calculated by the valuation model and related parameters. In the situation of changes in the market, the Company evaluates accordingly to the latest daily observable market data. In order to fairly present the financial instruments' fair value, the Company will regularly review other unobservable input parameters of the model evaluation. If the parameters change significantly, the Company will conduct accordingly to the Regulations of Management Financial Product Evaluation Model and the Regulations of Reviewing Operation Financial Product Evaluation Model. Therefore, the Company uses the price information and parameters in the evaluating process to assess carefully and adjusts accordingly to the market conditions.

b) Credit risk valuation adjustments

Credit risk valuation adjustments can be classified into credit value adjustments and debit value adjustments. The definitions are as follows:

i) Credit value adjustments

Credit value adjustments are the valuation adjustments of financial derivative instruments which were not traded in the listed market, but were traded over the counter. The adjustments will reflect in the fair value the possibility that the counterparty may delay to pay the price and the Company may not collect all market value of the transactions.

(Continued)

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ii) Debit value adjustments

Debit value adjustments are the valuation adjustments of financial derivative instruments which were not traded in the listed market, but were traded over the counter. The adjustments will reflect in the fair value the possibility that the Company may delay to pay the price and the Company may not pay all market value of the transactions.

The credit value adjustments are calculated based on the consideration of the counterparty's probability of default ("PD") (under the condition that the Company does not default), loss given default ("LGD") and exposure at default ("EAD"). On the other hand, the debit value adjustments are calculated based on the consideration of the Company's PD (under the condition that the counterparty does not default), LGD and EAD.

The Company uses internal data or external collectable data to determine the counterparties' ratings and based on the latest rating to periodically update the corresponding probability of default. The counterparty's loss given default is set at 60% standard assumption, and its exposure at default of OTC derivative instruments is evaluated by market to market.

5) Transfer between Level 1 and 2 of the fair value hierarchy

The Company observes the monthly average trading volumes of their emerging stocks to decide whether their markets are active or not, and decide which level to transfer.

6) The movement in fair value of Level 3

a) Movement in financial assets measured at fair value through profit or loss which were classified to Level 3

			Current increase		Current decrease		
	Beginning balance	Valuation adjustment recognized in current net profit	Purchase or issue	Transfer into level 3	Sale, disposal, or settlement	Transfer out from level 3	Ending balance
For the year ended December 31, 2020	$ 45	228	2,500	-	-	(44)	2,729
For the year ended December 31, 2019	$ 4	39	-	9	(7)	-	45

b) Movement in financial assets measured at fair value through other comprehensive income which were classified to Level 3

			Current increase		Current decrease		
	Beginning balance	Valuation adjustment recognized in other comprehensive incom	Purchase or issue	Transfer into level 3	Sale, disposal, or settlement	Transfer out from level 3	Ending balance
For the year ended December 31, 2020	$ 5,676,852	1,154,738	-	-	(25,901)	-	6,805,689
For the year ended December 31, 2019	$ 5,454,764	159,740	71,044	-	(8,696)	-	5,676,852

(Continued)

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c) Movement in financial liabilities measured at fair value through profit or loss which were classified to Level 3

			Current increase		Current decrease		
	Beginning balance	Valuation adjustment recognized in current net profit	Purchase or issue	Transfer into level 3	Sale, disposal, or settlement	Transfer out from level 3	Ending balance
For the year ended December 31, 2020	$ 242,617	(978)	2,604,757	-	(2,470,537)	-	375,859
For the year ended December 31, 2019	$ 945	(640)	2,258,192	-	(2,015,880)	-	242,617

7) The quantitative information about the significant unobservable inputs (Level 3) used in fair value measurement

Most of the Company's assets and liabilities classified in Level 3 only have a single significant unobservable input.

The quantitative information about the significant unobservable inputs is as follows:

December 31, 2020			
Items	Valuation techniques	The significant unobservable inputs	The relationship between the significant unobservable inputs and fair value
Financial liabilities designated as at fair value through profit or loss－current－structured instruments	Black-Scholes Model	Volatility is 12%~57%	If the volatility is higher, then the fair value will be higher
Financial assets at fair value through profit or loss－current－equity instruments	Net assets value	Net assets value	Not applicable
Financial assets at fair value through other comprehensive income－non-current－equity instruments	Comparable company	Evaluation multiplier is 14.91~17.71	If the evaluation multiplier is higher, then the fair value will be higher
		Lack of market liquidity discount is 17.69%~19.42%	If the lack of market liquidity discount is higher, then the fair value will be lower
Financial assets at fair value through other comprehensive income－non-current－equity instruments	Net assets value	Net assets value	Not applicable

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December 31, 2019			
Items	**Valuation techniques**	**The significant unobservable inputs**	**The relationship between the significant unobservable inputs and fair value**
Financial liabilities designated as at fair value through profit or loss－current－structured instruments	Black-Scholes Model	Volatility is 15%~66%	If the volatility is higher, then the fair value will be higher
Financial assets at fair value through profit or loss－current－equity instruments	Net assets value	Net assets value	Not applicable
Financial assets at fair value through profit or loss－non current－equity instruments	Net assets value	Net assets value	Not applicable
Financial assets at fair value through other comprehensive income－non-current－equity instruments	Comparable listed or TPEx company	Evaluation multiplier is 14.27~15.68	If the evaluation multiplier is higher, then the fair value will be higher
		Lack of market liquidity discount is 18.04%~19.94%	If the lack of market liquidity discount is higher, then the fair value will be lower
Financial assets at fair value through other comprehensive income－non-current－equity instruments	Net assets value	Net assets value	Not applicable
		Lack of market liquidity discount is 11.74%	If the lack of market liquidity discount is higher, then the fair value will be lower

8) Sensitivity analysis of reasonable substitute assumptions for fair value measurements categorized within Level 3 of the fair value hierarchy

The measurements of the Company’s financial instruments' fair value are reasonable. However, if the Company uses different valuation models or inputs, the results will be different. For fair value measurements categorized within Level 3 of the fair value hierarchy, the effects of changes in inputs on profit and loss or other comprehensive income are as follows:

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	Inputs	Upstream or downstream	Changes in fair value recognized in profit and loss		Changes in fair value recognized in other comprehensive income	
			Profitable changes	Unprofitable changes	Profitable changes	Unprofitable changes
December 31, 2020						
Financial assets or liabilities at fair value through profit or loss						
Financial liabilities designated as at fair value through profit or loss－structured instruments	Pricing volatility	+1%	$ 160	-	-	-
Financial liabilities designated as at fair value through profit or loss－structured instruments	Pricing volatility	-1%	-	160	-	-
Financial assets at fair value through other comprehensive income						
Equity instruments－non-listed and TPEx securities	Evaluation multiplier	+1%	-	-	36,617	-
Equity instruments－non-listed and TPEx securities	Evaluation multiplier	-1%	-	-	-	36,617
Equity instruments－non-listed and TPEx securities	Lack of market liquidity discount	+1%	-	-	-	75,852
Equity instruments－non-listed and TPEx securities	Lack of market liquidity discount	-1%	-	-	75,852	-
December 31, 2019						
Financial assets or liabilities at fair value through profit or loss						
Financial liabilities designated as at fair value through profit or loss－structured instruments	Pricing volatility	+1%	$ 145	-	-	-
Financial liabilities designated as at fair value through profit or loss－structured instruments	Pricing volatility	-1%	-	145	-	-
Financial assets at fair value through other comprehensive income						
Equity instruments－non-listed and TPEx securities	Evaluation multiplier	+1%	-	-	29,099	-
Equity instruments－non-listed and TPEx securities	Evaluation multiplier	-1%	-	-	-	29,099
Equity instruments－non-listed and TPEx securities	Lack of market liquidity discount	+1%	-	-	-	69,324
Equity instruments－non-listed and TPEx securities	Lack of market liquidity discount	-1%	-	-	69,324	-

The Company’s profitable changes or unprofitable changes mean that the volatility of fair value. The fair value are the measurements outcomes of valuation techniques using different degrees of observable inputs to the valuation models. If the fair value of the financial instruments is affected by more than one input, the above table only reflected the results by changes in one input, not considering the correlation and variability between the inputs.

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9) Valuation procedures of assets or liabilities categorized within Level 3 of the fair value hierarchy

The Company's valuation models are brought up by the user department, verified and checked by the risk management department independently. Increase in and modifications of valuation models and changes in the valuation inputs should follow the Regulations of Management Financial Product Evaluation Model and the Regulations of Reviewing Operation Financial Product Evaluation Model of Company's related regulations. The valuation models must be approved before the user departments use them in daily work. In order to confirm the accuracy, validity, and credibility of the valuation models and related significant inputs which had been approved by the examination procedures, the risk department needs to re-verify the financial assets or liabilities positions' valuation models during re-verification period quarterly, and needs to check the correctness of the significant valuation models' inputs, and make sure the valuation outcomes are usual and confirm the fair value results are reasonable. In addition, the risk department implements daily market volatility testing. If there are any changes of significant circumstance, the risk department will re-verify the related affected financial assets or liabilities positions' valuation models, disclose the results in the re-verification reports. The results of the reassurance process should be submitted with relevant attachments and consents from the financial accounting department, the auditing department, the information department and other units using the model. They should then be deployed after the resolution has been made by the highest level board chairman of the Company's model managing operations.

Subsequent valuation for investments in equity instruments－non-listed and TPEx securities please refer to Note (4)(f) financial assets.

(iii) Assets or liabilities that are not measured at fair value in the balance sheet

1) Fair value of financial instruments is estimated by their book value on the balance sheet date. Since these instruments have short maturities or their book values are similar to the future receivable/payable amounts, the book value is adopted as a reasonable basis in estimating the fair value. The method is applied to cash and cash equivalents, margin loans receivable, refinancing margin, refinancing collateral receivable, receivable of securities business money lending, receivable of money lending－any use, security borrowing collateral price, security borrowing margin, notes receivable, accounts receivable, restricted assets－current, other current assets－others, operating guarantee deposits, clearing and settlement fund, refundable deposits, trust fund reserve for compensation, short-term borrowings, commercial paper payable, liabilities for bonds with attached repurchase agreements, securities financing refundable deposits, deposits payable for securities financing, securities lending refundable deposits, accounts payable, receipts under custody, other payables, provisions－current, provisions－non-current and guarantee deposits received.

2) Investment property: Please refer to Note (6)(l).

3) Lease liabilities: Lease liability is measured at the present value of the lease payments that will be paid over the lease term in the future. The Company uses its incremental borrowing rate as the discount rate. Therefore, it should be reasonable to evaluate its fair value with present value.

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(iv) Transfer of financial assets

Transferred financial assets that are not derecognized in their entirety:

In daily transactions of the Company, most financial assets of the transferred financial assets that are not derecognized in their entirety are bonds sold under repurchase agreements. These transactions' collection right of contract cash flows had been transferred to the counter party, and these transactions reflect the related liabilities of the Company to buyback the transferred assets with a fixed price in the future. Regarding these kinds of transactions, the Company cannot use, sell, or pledge these transferred assets during the effective contract periods, and the Company should bear interest risk and credit risk. Thus they are recognized as transferred financial assets that are not derecognized in their entirety. The information of transferred financial assets that is not derecognized in their entirety is as follows:

	December 31, 2020				
Category of financial assets	Carrying amount of transferred financial assets	Carrying amount of related financial liabilities	Fair value of transferred financial assets (Note)	Fair value of related financial liabilities (Note)	Fair value net position (Note)
Financial assets at fair value through profit or loss					
Securities sold under repurchase agreements	$ 28,528,329	27,716,865	-	-	-

	December 31, 2019				
Category of financial assets	Carrying amount of transferred financial assets	Carrying amount of related financial liabilities	Fair value of transferred financial assets (Note)	Fair value of related financial liabilities (Note)	Fair value net position (Note)
Financial assets at fair value through profit or loss					
Securities sold under repurchase agreements	$ 30,239,549	29,505,049	-	-	-

Note: The counter parties of securities sold under repurchase agreements with the Company have the rights of recourse not only on the transferred assets but also on the Company's assets. There is no need to disclose fair value of transferred assets, fair value of related financial liabilities and fair value net position according to IFRS 7 p42 D (d).

(v) Offsetting of financial assets and liabilities:

There are no financial instrument transactions of the Company that should adopt IAS 32 paragraph 42 accepted by the FSC to offset related financial assets and liabilities and show net amount in the balance sheet.

The Company has financial assets subject to offsetting, enforceable master netting arrangements and similar agreements but do not meet the offsetting conditions of IFRS regulations, such as securities purchased under resell agreements, securities sold under repurchase agreements, and derivative financial instruments, etc. The transaction parties can choose to use net settlement or settle on a gross basis for above subject to offsetting, enforceable master netting arrangements and similar agreements. In the case of default, when all the transactions with the counterparty are terminated, the other party who are not responsible for the default can choose net settlement.

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Offsetting of financial assets and liabilities' information are as follows:

December 31, 2020						
Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements						
	Gross amounts of recognized financial liabilities (a)	Gross amounts of recognized financial assets set off in the statement of financial position (b)	Net amounts of financial liabilities presented in the statement of financial position (c)=(a)-(b)	Related amounts not set off in the statement of financial position		Net amount (e)= (c)-(d)
				Financial instruments (Note)	Cash collateral pledged	
Financial liabilities designated as at fair value through profit or loss —current	$ 375,859	-	375,859	-	-	375,859
Securities sold under repurchase agreements	27,716,865	-	27,716,865	27,716,865	-	-
Total	**$ 28,092,724**	**-**	**28,092,724**	**27,716,865**	**-**	**375,859**

December 31, 2019						
Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements						
	Gross amounts of recognized financial liabilities (a)	Gross amounts of recognized financial assets set off in the statement of financial position (b)	Net amounts of financial liabilities presented in the statement of financial position (c)=(a)-(b)	Related amounts not set off in the statement of financial position		Net amount (e)= (c)-(d)
				Financial instruments (Note)	Cash collateral pledged	
Financial liabilities designated as at fair value through profit or loss —current	$ 242,617	-	242,617	-	-	242,617
Securities sold under repurchase agreements	29,505,049	-	29,505,049	29,505,049	-	-
Total	**$ 29,747,666**	**-**	**29,747,666**	**29,505,049**	**-**	**242,617**

Note: Master netting arrangements and non-cash collaterals are included.

(ac) Financial risk management

(i) Risk management system:

1) Risk management policy:

a) For the purpose of improving the operation and development of the Company's business, achieving the operating strategy and target of the organization, the principles and objectives of the Company's risk management policies are set up as follows:

i) The objectives of risk management

1. The Company establishes the independent and effective risk management structure and system to assess and supervise the risk-tolerance ability, the status of the risks bore, risk-responding strategies and the compliance of risk management procedures of the Company.

2. The Company establishes scientific risk management system to identify, analyze and assess and handle the significant risk, which has probable negative impact toward Company and to determine responding measures to mitigate the significant risk in a reasonable range.

ii) Principle of risk management

1. With the scientific risk management system, the Company enables to well and objectively analyze the risk and to achieve reasonable returns.

2. Under the effective risk management structure, each segment executes the daily management respectively. The risk management division is established to submit the risk management report to the board of directors regularly, in order to control the risk in time and effectively. When significant risk exposure is emerging, which threatens the financial and operating state as well as the compliance of regulations, proper measures should be adopted and report should be made to the board of directors immediately.

3. The risk control mechanism supervises the capital adequacy of the Company in consideration of the scale of business, credit risks, market risk, operation risk and the trend of future operation. It also supervises each investment risk through overseeing assets allocation in compliance with the Company's overall risk exposure, regulatory capital and the characteristics of liabilities.

2) Risk management organization structure:

The risk management division is an independent department and is responsible for risk management of the Company under board of directors. The risk management division is independent to other segments to ensure that the risk management system operates effectively and sustainably and assists the board of directors to implement its responsibilities. The related responsibilities of The risk management division include establishing effective and scientific risk management structure and system; identifying, analyzing, assessing and managing the related risks that the whole Company may encounter and providing suggestions; assisting in the implementation of the business strategy to achieve a balance of risks and rewards; confirming that the execution of the risk management conform with the decision of the risk management committee of JihSun Financial Holding Co., Ltd.

The risk management division focuses mainly on the overall risk, and integrates relevant risks of each business departments. Three subordinate departments under the risk management division are the department of market risk, the department of credit risk, and the department of operation risk, and are responsible for planning and controlling of market risk, credit risk, and operation risk. Each business department is responsible for daily risk management and control, especially the intraday transaction control. Through the cooperation of the risk management division and the risk control units of each business department enables the risk control mechanism to connect the premarket, after-hours and intraday transactions. Furthermore, it completes risk control by covering the functions throughout front, middle and back offices.

3) Risk management mechanism:

The Company' s risk management process includes the identification, assessment, management, supervision and reporting of risks. Risk assessments and responding strategies are explained as follows:

a) Market risk management

In addition to the risk management division, each business departments also establish risk control units to manage the market risks. Except for following the internal regulations to execute the risk management by hierarchical authorization and presenting related statements, it also conducts the supervision of the amount limitation in accordance with the internal risk control indicators. To effectively evaluate exposure to market risk, the Company has set up managerial indicators and its limit by establishing scientific methods and market risk management system. The evaluation can serve as a basis to manage and monitor the Company's probable market risk. The internal market risk evaluation models of the Company include interest rates, foreign exchange, equity and products, and other risk factors. In addition to the traditional control methods such as authorize position limit, stop loss limit, limit of risk indicators (i.e.: Greeks, DVO1……), value at risk and stress test are applied to measure market risk. Nevertheless, when data is applied for stress test, in the extreme scenario the monitor and management of limit is valued as the whole financial holding company.

b) Credit risk management

In addition to the risk management division, each business department under the control of the Company also establish risk control units to manage the credit risks. Except for following the internal regulations to execute the risk management by hierarchical authorization and presenting related statements, the Company also effectively evaluates exposure to market risk by establishing scientific methods, setting credit risk indicators, disclosing and analyzing general risk situation of each risk. The evaluation can serve as a basis to manage and monitor the Company' s probable credit risk. To avoid loss resulting from credit default, the Company combines the internal and external credit rating to establish the credit rating system and to determine the credit risk of the issuers and counterparties. The Company controls the credit risk under a bearable scope to maintain adequate capital and reach the balance of risks and returns.

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c) Fund liquidity risk management

Fund liquidity risk management of the Company includes the controlling of the source of funds, credit management, funding gap, fund employment and liquidity risk management indicators. Those are explained as follows:

i) Source of funds: The time schedule and cost, the stability and the diversification of the source should be assured.

ii) Credit management: The Company maintains the stability of credit limit, controls the collateral rate to lower the fund cost, and maintains sufficient credit line to respond to funding demand.

iii) Funding gap: The Company control the funding gaps on different due days to better plan the funds.

iv) Fund employment: The Company evaluates the investment target, durations and the rate of return. The short-term employment of funds should mainly consider its safety and liquidity.

v) The Company uses liquidity ratio as the liquidity risk managerial indicator. The risk management division reviews the exposure status of liquidity risk from assets and liabilities on a monthly basis.

vi) Each unit follows its internal regulation, executes the risk management by hierarchical authorization and submits relative reports. When a significant risk event occurs, such as excess of the limit, quality degradation assessed, exceeding warning indicator or large loss given, etc, the business departments should report to the risk management division. If necessary, the risk management division has to report to the risk management committee to determine responding measures and the event should be reported in the nearest audit committee and board meeting.

vii) If significant default on settlement or financial difficulty takes place and lead to the Company's disability in repaying debts, which results in difficulties in operation or disorder in securities market, corresponding measures are as follows:

1. actively dispose of current assets and short-term investments, such as stocks, benefit certificate, fixed-income fund

2. pledge or dispose of properties and equipments

3. borrow from non-banking and insurance institutions (should report to the authority in two days from the date of occurrence of the borrowing event)

4. ask the competent authority for a bailout

5. plan in advanced directing against how to raise fund in emergency and the related documents should also be prepared beforehand

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(ii) Credit risk analysis

The credit risks to which the Company exposes are the risks that an issuer or counterparty fail to perform a contractual obligation and lead to loss of the Company.

The following discloses the probable default of financial assets from aspects of different credit risks.

1) Credit risk concentration analysis

The two tables below present the credit risk exposure of financial assets by area and by industry:

a) By area

(Expressed in thousands of New Taiwan Dollars)

	December 31, 2020						
	Taiwan	Hong Kong	Asia	Europe	America	Other	Total
Financial assets							
Financial assets at fair value through profit or loss－current	$ 5,138,068	84,297	873,080	-	11,619	-	6,107,064
Financial assets at fair value through other comprehensive income－current	27,931,325	123,090	888,341	200,000	637,111	30,995	29,810,862
Security borrowing margin	803,560	-	-	-	-	-	803,560
Financial assets at fair value through other comprehensive income－non-current	6,805,689	-	-	-	-	-	6,805,689
Refinancing margin	8,272	-	-	-	-	-	8,272
Refinancing collateral receivable	7,133	-	-	-	-	-	7,133
Receivable of securities business money lending	2,711	-	-	-	-	-	2,711
Receivable of money lending－any use	294,094	-	-	-	-	-	294,094
Margin loans receivable	11,643,717	-	-	-	-	-	11,643,717
Total	**$ 52,634,569**	**207,387**	**1,761,421**	**200,000**	**648,730**	**30,995**	**55,483,102**
Percentage by area	**94.87 %**	**0.37 %**	**3.17 %**	**0.36 %**	**1.17 %**	**0.06 %**	**100.00 %**

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	December 31, 2019						
	Taiwan	Hong Kong	Asia	Europe	America	Other	Total
Financial assets							
Financial assets at fair value through profit or loss－current	$ 6,378,769	94	2,250,709	360,760	125,255	-	9,115,587
Financial assets at fair value through other compreheensive income－current	29,844,490	120,957	965,397	200,000	350,657	31,329	31,512,830
Security borrowing margin	733,560	-	-	-	-	-	733,560
Financial assets at fair value through profit or loss－non-current	1	-	-	-	-	-	1
Financial assets at fair value through other comprehensive income－non-current	5,676,852	-	-	-	-	-	5,676,852
Refinancing margin	4,000	-	-	-	-	-	4,000
Refinancing collateral receivable	3,525	-	-	-	-	-	3,525
Receivable of money lending－any use	45,900	-	-	-	-	-	45,900
Margin loans receivable	9,902,858	-	-	-	-	-	9,902,858
Total	$ 52,589,955	121,051	3,216,106	560,760	475,912	31,329	56,995,113
Percentage by area	92.27 %	0.21 %	5.64 %	0.98 %	0.84 %	0.06 %	100.00 %

Note: The column Asia in the table of the credit risk concentration analysis by area, in which Taiwan and Hong Kong are excluded.

b) By industry

(Expressed in thousands of New Taiwan Dollars)

	December 31, 2020								
	Central or local government	Individual	Financial industry	Manufacturing	Electronics	Service	Construction	Funds	Total
Financial assets									
Financial assets at fair value through profit or loss－current	$ 1,155,597	-	1,329,713	1,967,077	1,546,255	52,762	18,007	37,653	6,107,064
Financial assets at fair value through other comprehensive income－current	7,651,650	-	3,596,386	9,976,267	8,382,414	123,090	81,055	-	29,810,862
Security borrowing margin	-	-	803,560	-	-	-	-	-	803,560
Financial assets at fair value through other comprehensive income－non-current	-	-	6,805,689	-	-	-	-	-	6,805,689
Refinancing margin	-	-	8,272	-	-	-	-	-	8,272
Refinancing collateral receivable	-	-	7,133	-	-	-	-	-	7,133
Receivable of securities business money lending	-	2,418	-	-	293	-	-	-	2,711
Receivable of money lending－any use	-	294,094	-	-	-	-	-	-	294,094
Margin loans receivable	-	11,075,707	463,034	680	2,743	3,965	97,588	-	11,643,717
Total	$ 8,807,247	11,372,219	13,013,787	11,944,024	9,931,705	179,817	196,650	37,653	55,483,102
Percentage by industry	15.87 %	20.50 %	23.46 %	21.53 %	17.90 %	0.32 %	0.35 %	0.07 %	100.00 %

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	December 31, 2019								
	Central or local government	Individual	Financial industry	Manufacturing	Electronics	Service	Construction	Funds	Total
Financial assets									
Financial assets at fair value through profit or loss－current	$ 1,062,186	-	3,358,409	2,767,319	1,725,759	140,140	50,674	11,100	9,115,587
Financial assets at fair value through other comprehensive income－current	8,230,846	-	5,287,633	10,830,075	6,957,915	120,957	85,404	-	31,512,830
Security borrowing margin	-	-	733,560	-	-	-	-	-	733,560
Financial assets at fair value through profit or loss－non-current	-	-	-	1	-	-	-	-	1
Financial assets at fair value through other comprehensive income－non-current	-	-	5,676,852	-	-	-	-	-	5,676,852
Refinancing margin	-	-	4,000	-	-	-	-	-	4,000
Refinancing collateral receivable	-	-	3,525	-	-	-	-	-	3,525
Receivable of money lending－any use	-	45,882	-	-	-	18	-	-	45,900
Margin loans receivable	-	9,301,543	592,719	6,827	1,222	-	547	-	9,902,858
Total	**$ 9,293,032**	**9,347,425**	**15,656,698**	**13,604,222**	**8,684,896**	**261,115**	**136,625**	**11,100**	**56,995,113**
Percentage by industry	**16.30 %**	**16.40 %**	**27.47 %**	**23.87 %**	**15.24 %**	**0.46 %**	**0.24 %**	**0.02 %**	**100.00 %**

2) Maximum exposure to credit risk

Without taking collateral or other credit enhancement into account, the maximum exposure to credit risk of on-balance-sheet financial assets is equal to their carrying values.

3) Collateral and other credit enhancements:

Dealing in securities trading margin financing and securities lending business is conducted according to the regulations of the competent authority. The Company uses the stock bought by financing as collateral to apply for financing. The financing ratio is subject to legal regulation. However, the Company may give different financing ratio depending on the degree of the stock’s risk in accordance with internal risk control system. If the stock price of its individual stocks fluctuates too violently, it will then control the position of the purchase of financing or the limit of the amount of financing so as to avoid the risk of excessive concentration of collateral. After the daily settlement, the price of the financing and short-selling balance of each credit account will be priced. When the customer’s total guarantee retention rate is lower than the maintenance rate stipulated in the law, the customer is notified to make up the payment. The customer fails to make the payment within the prescribed time limit and maintenance rate is not reached, the Company will dispose of the collateral to ensure the claims.

4) Credit risks of financial assets are described as follows:

a) Financial assets at fair value through profit or loss－current

i) Bonds

Bonds and convertible bonds are both included.

(Continued)

JIHSUN SECURITIES CO., LTD.
Notes to the Financial Statements

ii) Stocks

The main stock positions of the Company include proprietary positions, underwriting position, hedging position and warrant position.

iii) Derivative financial instruments－OTC

The Company trades derivative financial instruments with the counterparty over OTC (Over-the-Counter) market through ISDA master agreement. The main transactions of derivative financial instruments over OTC are structured products and interest rate swap (IRS). The counterparties of these transactions are all financial institutions in Taiwan.

iv) Futures margins

The futures margin is the margin required to participate in futures trades in the exchange market. It includes the position held for trading or hedged purpose.

v) Buy options－futures

The buy option position bought by the Company is the market value of the premiums paid to buy option contracts of Taiwan Future Exchange for holding-for-sale or hedging purpose, of which the risk is quite low.

vi) Open-end funds and money market instruments

Open-end funds and money market instruments position are higher liquidity financial assets such as short term bills and money market funds, etc.

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

Financial assets at fair value through other comprehensive income－ current position are the Company's proprietary trading position.

c) Bond investments under resale agreements

The bond investments under resale agreements of the Company are bond transactions with terms to resale. The Company signs up master agreement with the counterparties, whereby the two parties agree to transact at an aimed price, given interest rate and interval, and agree to resale with price as promised prior to the due date. The counterparties are all domestic financial institutions. Considering that the Company holds the bonds as collateral, the exposed amount is reduced effectively.

d) Security borrowing margin

Security borrowing margin are the caution money paid to the counterparty for securities lending or short sale.

(Continued)

e) Financial assets at fair value through other comprehensive income－non-current

The financial assets at fair value through other comprehensive income－ non-current held by the Company are mainly composed of the stocks of domestic financial institutions and related for long-term investments.

f) Refinancing margin, refinancing collateral receivable and security borrowing collateral price

The refinancing margin, refinancing collateral receivable and security borrowing collateral price are all from domestic financial institutions.

g) Margin loans receivable, receivable of securities business money lending, and receivable of money lending－any use

The Company's margin loans receivable, receivable of securities business money lending, and receivable of money lending－ any use are mainly from domestic individuals.

h) Financial assets at fair value through profit or loss－non-current

Financial assets at fair value through profit or loss－ non-current position are the Company's underwriting position.

5) The Company's judgment for the credit risk have increased significantly since the initial recognition

a) Accounts receivable business and investment business

i) The Company assess the change of default risk of financial assets during the expected duration of each reporting date to determine if the credit risk has increased significantly since initial recognition. In order to make this assessment, the Company considers that the credit risk has increased significantly since the initial recognition of reasonable and corroborative information (including forward-looking information). The main considerations include: significant downgrades of the internal credit ratings or external evaluations of various types of financial assets, when contract payments and financial assets are overdue for more than 30 days, being included in the alert accounts, having bad credit noted accounts according to the Company's internal management system, credit risk of other financial instruments of the same borrower having been in default or credit impaired, etc.

ii) Low credit risk:

If it is determined that the credit risk of financial assets at the reporting date is low, it can be assumed that the credit risk of financial assets has not increased significantly since the date of initial recognition.

(Continued)

b) Definition of financial assets being default or credit impaired

The Company's definition of financial assets being default is the same as judgment of financial assets being credit impaired. If one or more of the following conditions are satisfied, the financial asset is determined to be in default and credit impaired:

i) Quantitative indicators: Payment stipulated in the contract is overdue for more than 90 days.

ii) Qualitative indicators: Be classified as defaulting account or default level and if there is evidence that will be unable to pay the contract, or there is significant financial difficulties.

iii) The aforementioned financial assets that have been in default or with credit impaired, if no longer meet the definition of default of contract and credit impairment, are deemed to return to the state of normal contract status (have been cured), and are no longer considered as financial assets that have been in default or credit impaired.

c) Measurement of expected credit loss (ECL)

i) Adopted methods and assumptions

For financial assets with low credit risk and no significant increase in credit risk since the initial recognition, the 12-month expected credit loss amount is used to measure the allowance loss. For financial assets that have been significantly increased in credit risk or credit impaired since the initial recognition, the lifetime expected credit loss amount is used to measure the allowance loss.

To measure the expected credit loss, consider the debtor' s probability of default (PD) for the next 12 months and its lifetime, and then include the loss given default (LGD) multiplied by exposure at default (EAD), and consider the impact of the time value of money, calculate the expected credit losses for 12 months and lifetime, respectively.

PD is the default probability of the debtor, and LGD is the rate of loss caused by default by the debtor. PD and LGD used in the impairment assessment for investment business of the Company is calculated after adjusting historical data based on internal or external historical information of each combination, and based on the current observable information and forward-looking general economic information (such as unemployment rate, GDP, etc.)

ii) Consideration of forward-looking information

When the Company measure ECL in financial assets, it takes forward-looking information into consideration, performs forward-looking model estimations based on the financial assets invested, and establishes credit risk link models based on past default rates and overall economic information. The model estimates the relationship between default rate and overall economic information, and establishes a model to predict the forecast value of the overall economic information to predict the default rate in the next year. Then, forward-looking adjustments are made to the ECL. In principle, the validity of the above-mentioned forward-looking model is examined every year.

6) Classification of credit risk quality

The internal credit risk classification of the Company is determined by low, medium, high risk and default. The definition of each class is as follows:

Low risk: High transparency of information and strong capacity to meet debt obligations. Low probability of default.

Medium risk: Average transparency of information and capacity to meet debt obligations. Moderate probability of default.

High risk: Low capacity to meet debt obligations and is vulnerable to external economic conditions. High probability of default.

Default: Indicates that the company or the subject has failed to perform its obligations in accordance with the contract or in line with the management system listed in the defaulter or default level.

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JIHSUN SECURITIES CO., LTD.
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Some of the financial assets held by the Company such as cash and cash equivalents, financial assets at fair value through profit or loss, securities purchased under resell agreements, refundable deposits, accounts receivable and other receivables (unimpaired) are judged that the credit risk is relatively low due to these assets' counterparties have good credit ratings. Apart from the above, the credit quality of the remaining financial assets is analyzed as follows:

a) Credit quality analysis on receivables

(Expressed in thousands of New Taiwan Dollars)

	December 31, 2020										
	12-month ECLs				Life time ECLs－without impairment						
Items	Low risk	Medium risk	High risk	Total	Low risk	Medium risk	High risk	Total	Life time ECLs－with impairment	Accumulated impairment	Total
Interest receivable from investment in debts instruments	$ 144,601	-	-	144,601	-	-	-	-	-	72	144,529
Receivables－impaired	-	-	-	-	-	-	-	-	1,972	1,972	-
Other receivable－impaired	-	-	-	-	-	-	-	-	47,497	44,504	2,993
Overdue receivable	-	-	-	-	-	-	-	-	2,811	2,811	-

	December 31, 2019										
	12-month ECLs				Life time ECLs－without impairment						
Items	Low risk	Medium risk	High risk	Total	Low risk	Medium risk	High risk	Total	Life time ECLs－with impairment	Accumulated impairment	Total
Interest receivable from investment in debts instruments	$ 173,960	-	-	173,960	-	-	-	-	-	50	173,910
Receivables－impaired	-	-	-	-	-	-	-	-	1,972	1,972	-
Other receivable－impaired	-	-	-	-	-	-	-	-	50,088	46,415	3,673
Overdue receivable	-	-	-	-	-	-	-	-	2,118	2,118	-

b) Credit quality analysis of security investments

(Expressed in thousands of New Taiwan Dollars)

	December 31, 2020										
	12-month ECLs				Life time ECLs－without impairment						
Items	Low risk	Medium risk	High risk	Total	Low risk	Medium risk	High risk	Total	Life time ECLs－with impairment	Total	Accumulated impairment (Note)
Investments in debt instruments designated at fair value through other comprehensive income	$ 24,322,480	-	-	24,322,480	-	-	-	-	-	24,322,480	14,858

	December 31, 2019										
	12-month ECLs				Life time ECLs－without impairment						
Items	Low risk	Medium risk	High risk	Total	Low risk	Medium risk	High risk	Total	Life time ECLs－with impairment	Total	Accumulated impairment (Note)
Investments in debt instruments designated at fair value through other comprehensive income	$ 22,786,632	-	-	22,786,632	-	-	-	-	-	22,786,632	9,364

Note: Accumulated impairment on investments in debt instruments designated at fair value through other comprehensive income are adjusted to other equity items.

(Continued)

JIHSUN SECURITIES CO., LTD.
Notes to the Financial Statements

(iii) Fund liquidity

1) Liability flow analysis

a) Maturity analysis of non-derivatives liabilities

Table below shows the analysis of cash outflows of non-derivatives liabilities based on time remaining until the contractual maturity date. The amount disclosed is based on the contractual cash flows and may be different from that included in the balance sheet.

	December 31, 2020				
	Within 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Short-term borrowings	$ 500,000	-	-	-	500,000
Commercial paper payable	3,039,377	-	-	-	3,039,377
Liabilities for bonds with attached repurchase agreements	27,716,865	-	-	-	27,716,865
Securities financing refundable deposits	1,477,974	-	-	-	1,477,974
Deposits payable for securities financing	1,719,643	-	-	-	1,719,643
Securities lending refundable deposits	143,927	-	-	-	143,927
Accounts payable	12,046,372	-	-	-	12,046,372
Receipts under custody	1,455,068	-	-	-	1,455,068
Other payable	836,556	-	-	-	836,556
Lease liabilities	29,985	82,513	183,288	-	295,786
Total	**$ 48,965,767**	**82,513**	**183,288**	**-**	**49,231,568**

	December 31, 2019				
	Within 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Short-term borrowings	$ 200,000	-	-	-	200,000
Commercial paper payable	6,236,931	-	-	-	6,236,931
Liabilities for bonds with attached repurchase agreements	29,505,049	-	-	-	29,505,049
Securities financing refundable deposits	1,322,360	-	-	-	1,322,360
Deposits payable for securities financing	1,462,940	-	-	-	1,462,940
Securities lending refundable deposits	96,645	-	-	-	96,645
Accounts payable	5,852,807	-	-	-	5,852,807
Receipts under custody	33,763	-	-	-	33,763
Other payable	702,619	-	-	-	702,619
Lease liabilities	26,068	61,294	91,977	1,125	180,464
Total	**$ 45,439,182**	**61,294**	**91,977**	**1,125**	**45,593,578**

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JIHSUN SECURITIES CO., LTD.
Notes to the Financial Statements

b) Maturity analysis of derivatives liabilities

	December 31, 2020				
	Within 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Call (put) warrants	$ 26,217	-	-	-	26,217
Structured instruments	375,859	-	-	-	375,859
Sell options－futures	15,184	-	-	-	15,184
Total	**$ 417,260**	**-**	**-**	**-**	**417,260**

	December 31, 2019				
	Within 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Call (put) warrants	$ 24,882	-	-	-	24,882
Structured instruments	242,617	-	-	-	242,617
Sell options－futures	1,393	-	-	-	1,393
Total	**$ 268,892**	**-**	**-**	**-**	**268,892**

2) The table of fund liquidity risk

	Current ratio	Debt to total assets ratio	Borrowing to credit line
December 31, 2020	131.04 %	63.31 %	12.84 %
December 31, 2019	131.39 %	63.31 %	23.30 %

(iv) Market Risk Analysis

Market risk results from the changes in market prices, such as price risk, interest rates risk and foreign exchange rates risk, and will cause the risk of loss.

1) Value at Risk (VaR)

Value at risk is the risk measure of the maximal expected loss on a specific portfolio for given time horizon and confidence level under normal market. The Company currently adopts 99% C.L.1 day to measure the risk of loss on portfolio. The Company exercises back testing to evaluate the appropriateness of Value at Risk model on a daily basis to ensure that the greatest probable risk can be evaluated effectively.

a) Value at Risk

(Expressed in thousands of New Taiwan Dollars)

99% C.L.1 day(VaR)	December 31, 2020	Average	The highest	The lowest
Total of departments	25,213	30,590	91,642	13,914
Covariance adjustments	(5,314)	(11,591)	(37,205)	(7,354)
Securities in all	19,899	18,999	54,437	6,560

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JIHSUN SECURITIES CO., LTD.
Notes to the Financial Statements

99% C.L.1 day(VaR)	December 31, 2019	Average	The highest	The lowest
Total of departments	10,869	24,803	48,802	9,700
Covariance adjustments	(5,357)	(5,973)	(8,282)	(4,645)
Securities in all	5,512	18,830	40,520	5,055

b) The table of Value at Risk by risk factors

(Expressed in thousands of New Taiwan Dollars)

99%C.L.1 day(VaR)	For the year ended December 31, 2020		
	Average	The highest	The lowest
Exchange rate	-	-	-
Interest rate	2,725	4,473	2,264
Equity price	18,642	51,854	5,812
Securities in all	18,999	54,437	6,560

99%C.L.1 day(VaR)	For the year ended December 31, 2019		
	Average	The highest	The lowest
Exchange rate	-	-	-
Interest rate	3,546	5,570	2,026
Equity price	18,642	40,357	4,939
Securities in all	18,830	40,520	5,055

Note: The risk value of exchange rate, interest rate and equity price showed on the highest and the lowest column in the table are disclosed on the dates with the highest and lowest VaR of the Company as a whole during the period.

2) Stress Testing

Stress tests carried out by the Company include single-factor sensitivity test, historical scenario test and self-defined scenario test. These tests are conducted to understand the impact on the Company's portfolio assuming a recurrence of significant international and domestic events or an occurrence of self-defined extreme condition.

The data applied for stress test in the extreme scenario used by the Company considered the following factors to simulate the probable loss.

a) Single-factor sensitivity test: to observe the change on portfolios value whenever a specific risk factor changes. For example, when the risk factor is stock price of listed company, the single-factor sensitivity test evaluates change on portfolio value because of changes to stock price.

b) Historical scenario test: to simulate the portfolio under an historical event, where the shocks are applied to following the historical returns.

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JIHSUN SECURITIES CO., LTD.
Notes to the Financial Statements

c) Self defined scenario test: similar to the single-factor sensitivity test, in additional, take consideration of the correlation of risk factors.

The table of stress testing

(Expressed in thousands of New Taiwan Dollars)

Risk factor	Movements	Changes in gain and loss of positions	
		December 31, 2020	December 31, 2019
Equity price risk	Equity products depreciate 20%	(121,087)	(89,103)
Interest rate risk	Interest rate curve shift up 100bps	(85,409)	(102,005)
Exchange rate risk	Foreign currency depreciate 7% against NTD	(7,241)	(23,096)

3) Except for the indicators aforementioned, the Company sets up different internal control mechanism and risk control indicators for each department according to the natures and products of each department.

4) Foreign currency financial assets and liabilities:

	December 31, 2020		
	Foreign currency amount	Exchange rate	NTD amount
Financial assets:			
Monetary items			
USD	$ 140,531	28.480	4,002,328
HKD	18,911	3.673	69,460
CNY	2,830	4.377	12,387
Others (Note)	-	-	15,275
Investments accounted for using equity method			
USD	41,628	28.480	1,185,580

	December 31, 2020		
	Foreign currency amount	Exchange rate	NTD amount
Financial liabilities:			
Monetary items			
USD	$ 108,853	28.480	3,100,130
HKD	10,053	3.673	36,926
Others (Note)	-	-	1,393

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JIHSUN SECURITIES CO., LTD.
Notes to the Financial Statements

	December 31, 2019		
	Foreign currency amount	Exchange rate	NTD amount
Financial assets:			
Monetary items			
USD	$ 160,540	29.980	4,812,986
HKD	15,626	3.849	60,145
CNY	104,298	4.305	449,003
Others (Note)	-	-	13,336
Investments accounted for using equity method			
USD	41,236	29.980	1,236,252

	December 31, 2019		
	Foreign currency amount	Exchange rate	NTD amount
Financial liabilities:			
Monetary items			
USD	$ 127,229	29.980	3,814,317
HKD	7,378	3.849	28,400
CNY	73,823	4.305	317,808
Others (Note)	-	-	1,835

Note: Other currency amounted less than NTD $10,000 are disclosed aggregately.

5) Exchange gains or losses of the major foreign currency assets and liabilities monetary items

Having a wide range of functional currency, so the Company adopt the aggregate way to expose the exchange gains or losses of monetary items. As of December 31, 2020 and 2019, foreign exchange gains or losses (including realized and unrealized) recognized gains (lossses) amounted to $22,237 and $34,844, respectively.

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JIHSUN SECURITIES CO., LTD.
Notes to the Financial Statements

(ad) Capital management

(i) Calculation of capital adequacy ratio

In order to absorb various risks and to ensure the steady business development, the Company consistently, actively and positively maintains sufficient capital. Therefore, the Company manages the capital in compliance with the plan of business development, regulations of competent authorities and financial market environment to realize efficient capital allocation. The Company calculates and declares the capital adequacy ratio in compliance with Regulations Governing Securities Firms as follows:

(Expressed in millions of New Taiwan Dollars)

Items	December 31, 2020	December 31, 2019
Net amount of eligible regulatory capital	$ 19,978	16,588
Overall risk equivalent	$ 5,801	5,374
Capital adequacy ratio	344 %	309 %

Note1: Capital adequacy ratio＝Net amount of eligible regulatory capital / Overall risk equivalent

Note2: Net amount of eligible regulatory capital＝Tier 1 capital＋Tier 2 capital＋Tier 3 capital－Deducted assets

Note3: Overall risk equivalent＝Market risk equivalent＋Credit risk equivalent＋Operational risk equivalent

(ii) Capital adequacy management

The management of capital adequacy ratio of the Company is executed in accordance with Regulations Governing the Capital Adequacy of JihSun Securities Co., Ltd. The risk management division examines whether the capital adequacy ratio meets the requirements if legal and internal regulations on a monthly basis. When the capital adequacy ratio reaches the lower limit, it will be reported to the risk management committee to deliberate and to make resolutions. If the risk management committee decides to decrease the risk-weighted assets, related business department will be responsible of the execution. If it is decided to increase the eligible capital, a meeting will be held by the chairperson for taking measures.

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JIHSUN SECURITIES CO., LTD.
Notes to the Financial Statements

(7) Related-party transactions

(a) Names of related parties and their relationship with the Company

Name of related party	Relationship with the Company
JihSun Financial Holding Co., Ltd.	Parent company of the Company
JihSun Futures Co., Ltd.	Investee company carried under the equity method
JihSun Securities Investment Consulting Co., Ltd.	〃
JihSun Venture Capital Co., Ltd.	〃
JihSun Securities Investment Trust Co., Ltd.	〃
Jih Sun International Bank, Ltd.	The investee company carried under the equity method of the parent company
JihSun International Property Insurance Agency Co., Ltd.	〃
JihSun Life Insurance Agency Co., Ltd.	The investee company carried under the equity method of Jih Sun International Bank, Ltd.
JS CRESVALE SECURITIES INTERNATIONAL LIMITED	A third-level subsidiary of the Company
JihSun Securities (Agent) Co., Ltd.	JihSun Securities (Agent) Co., Ltd.'s directors are the main management of the Company's parent company (Note)
Other related parties	All directors, supervisors and general managers of the Company, parent company and associates, etc.

Note: JihSun Securities (Agent) Co., Ltd. does not have any trading and business activities.

(b) Significant transactions with related parties

(i) Brokerage handling fee revenue from securities trading were as follows:

	For the years ended December 31,			
	2020		2019	
Name of related party	Amount	%	Amount	%
Jih Sun International Bank, Ltd.	$ 2,066	-	208	-
JihSun Futures Co., Ltd.	-	-	30	-
Other related parties	5,614	-	3,176	-
Total	**$ 7,680**	**-**	**3,414**	**-**

The trading terms of securities brokerage with related parties above are the same as those with non-related parties.

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JIHSUN SECURITIES CO., LTD.
Notes to the Financial Statements

(ii) The revenues of wealth management from related parties were as follows:

	For the years ended December 31,			
	2020		2019	
Name of related party	Amount	%	Amount	%
Other related parties	$ 27	-	14	-

(iii) Lease

The rentals of offices received from related parties were as follows:

	For the years ended December 31,	
Name of related party	2020	2019
Jih Sun International Bank, Ltd.	$ 7,873	7,743
JihSun Securities Investment Consulting Co., Ltd.	1,923	1,657
JihSun Futures Co., Ltd.	6,075	5,926
JihSun Venture Capital Co., Ltd.	394	396
JihSun Financial Holding Co., Ltd.	14	-
JihSun International Property Insurance Agency Co., Ltd.	23	-
JihSun Life Insurance Agency Co., Ltd.	23	-
Total	$ 16,325	15,722

The rent with related parties is based on market price and collected on monthly basis.

The Company's lease offices and the amounts paid to related parties were as follows:

	For the years ended December 31,	
Name of related party	2020	2019
Jih Sun International Bank, Ltd.	$ 12,314	11,721
JihSun Securities Investment Consulting Co., Ltd.	267	-
JihSun Financial Holding Co., Ltd.	16	-
Total	$ 12,597	11,721

The rent with related parties is based on market price and paid by month.

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The guarantee deposits received from related parties (recognized as other non-current liabilities－refundable deposits) were as follows:

Name of related party	December 31, 2020	December 31, 2019
Jih Sun International Bank, Ltd.	$ 1,255	1,253
JihSun Securities Investment Consulting Co., Ltd.	281	275
JihSun Venture Capital Co., Ltd.	66	66
JihSun Futures Co., Ltd.	1,900	1,859
JihSun International Property Insurance Agency Co., Ltd.	6	-
JihSun Life Insurance Agency Co., Ltd.	6	-
Total	**$ 3,514**	**3,453**

The guarantee deposits paid to related parties (recognized as refundable deposits) were as follows:

Name of related party	December 31, 2020	December 31, 2019
Jih Sun International Bank, Ltd.	**$ 2,077**	**2,077**

The lease liabilities with related parties were as follows:

Name of related party	December 31, 2020	December 31, 2019
Jih Sun International Bank, Ltd.	**$ 28,239**	**25,314**

(iv) The accounts receivable and accounts payable with related parties were as follows:

Accounts receivable－related parties	December 31, 2020		December 31, 2019	
Name of related party	Amount	%	Amount	%
JihSun Securities Investment Trust Co., Ltd.	$ 3	-	3	-
JihSun Futures Co., Ltd.	10,165	-	6,817	-
Total	**$ 10,168**	**-**	**6,820**	**-**

Other receivables	December 31, 2020		December 31, 2019	
Name of related party	Amount	%	Amount	%
JihSun Futures Co., Ltd.	$ 347	1	306	1
JihSun Life Insurance Agency Co., Ltd.	639	2	2,949	7
Jih Sun International Bank, Ltd.	16,037	45	18,674	45
JihSun International property Insurance Agency Co., Ltd.	78	-	67	-
Total	**$ 17,101**	**48**	**21,996**	**53**

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JIHSUN SECURITIES CO., LTD.
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Other payables	December 31, 2020		December 31, 2019	
Name of related party	Amount	%	Amount	%
JihSun Financial Holding Co., Ltd.	24,643	3	13,819	2
JihSun Securities Investment Consulting Co., Ltd.	8,445	1	8,152	1
Total	$ 33,088	4	21,971	3

(v) Others

1) Other transactions between Jih Sun International Bank, Ltd. and the Company were as follows:

	For the years ended December 31,	
	2020	2019
Revenue from providing agency service for stock affairs (revenue from computer printing included)	$ 720	800
Revenue from management fee allocated (Note 1)	235,717	204,905
Revenue from utilities expense allocated (custody of receipt and payment)	2,949	3,241
Transaction fees	124	139
Salaries expenses (custody of receipt and payment)	360	1,060
Revenue from other operating	57	33
Revenue from other non-operating	-	6
Others expense (including remittance charge, handling charge, trust custody charge and others)	1,348	922

Note 1: Refers to the management fee for Jih Sun International Bank, Ltd. to deliver settlement money from customers and other related fees.

The Company's deposit balances in Jih Sun International Bank, Ltd. were as follows:

	Ending balance	Interest	Interest rate range
December 31, 2020	$ 1,515,008	1,320	0%~2.15%
December 31, 2019	502,010	3,667	0%~2.75%

As the deposits mentioned above, the Company recorded them in cash and cash equivalents, operation guaranteed deposits, refundable deposits, debit items for trade brokerage, receipts under custody from exercise of warrant and receipts under custody from customers' security subscription, etc.

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As of December 31, 2020 and 2019, Jih Sun International Bank, Ltd. had approved a guaranteed line of credit amounted to $1,200,000 to the Company, and as of December 31, 2020 and 2019, the loan balances were both $0. The Company had provided securities and time deposits as pledged assets.

2) Other transactions between JihSun Futures Co., Ltd. and the Company were as follows:

	For the years ended December 31,	
	2020	2019
Revenue from providing agency service for stock affairs (revenue from computer printing included)	$ 481	480
Futures commission revenue	115,706	84,863
Revenue from utilities expense allocated (custody of receipt and payment)	389	378
Clearing fees (custody of receipt and payment)	10	10
Futures settlement fund (recorded as other non-current assets－refundable deposits)	43,000	43,000
Revenue from information service	1,500	1,500
Financial income	331	358
Stock handling fees (custody of receipt and payment)	1	1
Professional fee	24	26
Marketing revenue allocated	342	708
Prepaid expenses	22	46
Securities commission expense	126	37
Expense from other operating	-	33

3) Other transactions with JihSun Financial Holding Co., Ltd. were as follows:

	For the years ended December 31,	
	2020	2019
Revenue from providing agency service for stock affairs (revenue from computer printing included)	$ 11,359	11,677
Remuneration of board directors	24,636	13,702
Stock handling fees (custody of receipt and payment)	790	783
Salaries expenses (employee share options bought from JihSun Financial Holding Co., Ltd.)	-	66,931

(Continued)

JIHSUN SECURITIES CO., LTD.
Notes to the Financial Statements

4) Other transactions between JihSun Securities Investment Consulting Co., Ltd. and the Company were as follows:

	For the years ended December 31,	
	2020	2019
Professional fee	$ 50,640	48,840
Revenue from information service	83	143
Revenue from utilities expense and administration cost allocated (custody of receipt and payment)	77	73
Advance receipts	-	95

5) Other transactions between JihSun Securities Investment Trust Co., Ltd. and the Company were as follows:

	For the years ended December 31,	
	2020	2019
Revenue from providing agency service for stock affairs	$ 36	36
Income from fund rewards	1,572	1,736

6) Other transactions between JihSun Life Insurance Agency Co., Ltd. and the Company were as follows:

	For the years ended December 31,	
	2020	2019
Commission revenue	$ 24,629	46,415
Revenue from utilities expense allocated (custody of receipt and payment)	94	98

7) Other transactions between JihSun International Property Insurance Agency Co., Ltd. and the Company were as follows:

	For the years ended December 31,	
	2020	2019
Commission revenue	$ 1,180	1,270
Revenue from utilities expense allocated (custody of receipt and payment)	8	9

8) Other transactions between JS CRESVALE SECURITIES INTERNATIONAL LIMITED and the Company were as follows:

	For the years ended December 31,	
	2020	2019
Miscellaneous disbursements	$ 337	318
Revenue from other non-operating	15	145

(Continued)

JIHSUN SECURITIES CO., LTD.
Notes to the Financial Statements

9) Other transactions between JihSun Venture Capital Co., Ltd. and the Company were as follows:

	For the years ended December 31,	
	2020	2019
Revenue from utilities expense allocated (custody of receipt and payment)	$ 18	17
Operating securities purchased	-	13,200

(c) Consolidated tax return

The Company files a consolidated corporate income tax return with its parent company, JihSun Financial Holding Co., Ltd. On December 31, 2020 and 2019, the Company should pay the parent company, JihSun Financial Holding Co., Ltd., $277,754 and $0, respectively, which are recognized under current tax liabilities.On December 31, 2020 and 2019, the Company should receive from the parent company, JihSun Financial Holding Co., Ltd., $0 and $11,548, which is recognized under current tax assets.

(d) Compensation information for main management

The compensation for main management includes:

	For the years ended December 31,	
	2020	2019
Salary and other short-term employee benefits	$ 68,769	66,504
Post-employment benefits	862	863
	$ 69,631	**67,367**

(8) Pledged assets

Pledged assets of the Company were as follows:

Pledged assets	Objects	December 31, 2020	December 31, 2019
Restricted assets－current (time deposits, deposits)	Bank loan	$ 426,000	426,000
Financial assets at fair value through other comprehensive income－non-current	Bank loan	3,749,009	3,202,487
Property－land	Bank loan	1,186,476	1,052,900
Property－buildings (book value)	Bank loan	222,531	224,970
Investment property－land	Bank loan	72,729	206,305
Investment property－buildings (book value)	Bank loan	23,810	32,354
Other assets－non-current (refundable deposits)	Deposited court guarantee	-	12,375
Total		**$ 5,680,555**	**5,157,391**

(Continued)

JIHSUN SECURITIES CO., LTD.
Notes to the Financial Statements

(9) Significant contingent liabilities and unrecognized contract commitments

(a) The Company' s significant contingent liabilities and unrecognized contract commitments on December 31, 2020, were summarized as follows:

(i) As of December 31, 2020 and 2019, the Company had issued post-dated checks for future rental payments, which amounted to $19,931 and $19,253, respectively.

(ii) As of December 31, 2020 and 2019, in connection with securities financing activities, the Company held client-owned stocks which amounted to approximately 474,555,606 shares and 475,187,043 shares, respectively; stocks lent out to clients amounted to approximately 52,102,000 shares and 27,671,000 shares, respectively. The Company had received guarantee deposits in full from the clients for the lent securities.

(iii) In March, September, and October 2016, twenty-four customers of Yilan Branch of the Company filed a lawsuit in Yilan District Court and alleged that they had suffered losses due to its former salesperson who used his job opportunities to commit fraud by pretending to introduce the purchase of Chunghwa Telecom convertible bonds. The customers requested the Company and the former salesperson to be jointly responsible, and claimed a damage amounting to $80,960. The five suits were ruled in its favor, and the amounts of recourse are $8,500, $33,900, $18,810, $6,250 and $300, respectively.

In February 2017, Taiwan Yilan Branch District Court ruled the remaining suit in favor of the customers. In that decision, the Company and the former salesperson would have to bear the damage liability compensation of $13,200. The Company disagreed with the adjudication and filed an appeal to the Taiwan High Court. In September 2018, the Taiwan High Court dismissed the decision made by the Taiwan Yilan Branch District Court, claiming that the Company would not have to bear the damage liability compensation. However, the customers disagreed with the adjudication and filed an appeal to the Supreme Court. In July 2020, the Supreme Court vacated the decision made by the Taiwan High Court and remanded the case to the Taiwan High Court, in which the case is currently being reviewed. As the Taiwan High Court used to rule the case in favor of the Company, and the Company has won the five lawsuits mentioned above, the Company assesses that there is a high possibility of winning the case and do not have to accrue the possible litigation losses.

(iv) In April 2017, the customer of Zhonghe Branch of the Company filed a civil lawsuit in New Taipei District Court and alleged that they had suffered losses of $1,883 because the former salesperson took advantage of his duty to commit fraud and encroached on the customer' s property. The customer requested the Company and its former salesperson to bear the damage liability compensation. In September 2017, the New Taipei District Court ruled in favor of the Company and claimed that the Company would not have to bear the damage liability compensation because the behavior of the former salesperson was not acting in the execution of duty. The customer disagreed with the adjudication and filed an appeal to the Taiwan High Court. In April 2018, the Taiwan High Court ruled the case in favor of the Company and dismissed the appeal. The customer disagreed with the adjudication and filed an appeal to the Supreme Court.

(Continued)

JIHSUN SECURITIES CO., LTD.
Notes to the Financial Statements

In March 2020, the Supreme Court reversed the decision made by the Taiwan High Court and remanded the case to the Taiwan High Court. In July 2020, the Taiwan High Court claimed that the Company and its former salesperson should be jointly responsible for the liability compensation. The Company disagreed with the adjudication and filed an appeal to the Supreme Court, in which the case is currently being reviewed.

There is a difference in the opinion of the Supreme Court regarding to whether the behavior of the former salesperson defrauding the customer to pay was acting in the execution of duty or not. The Company assessed that there is a possibility of losing the case and accrued the possible litigation losses amounting to $1,883 as of December 31, 2020.

Two customers of Zhonghe Branch of the Company also claimed that the Company and the former salesperson to be jointly responsible for the liability compensation. In November 2016, one customer filed a civil lawsuit in New Taipei District Court and alleged that he had suffered the loss of $6,649 because the former salesperson sold his stocks without permission. In July 2017, the customer increased the requested damage to $14,728. The New Taipei District Court has notified the customer to pay the court costs while it temporarily suspended the proceeding in March 2018 until the conclusion of the relevant criminal proceeding have been made. Therefore, it is not probable for the Company to assess any possible litigation losses as of the reporting date.

In November 2017, the other customer filed a criminal lawsuit with a supplementary civil action in New Taipei District Court and alleged that he had suffered the loss of $2,011 because the former salesperson took advantage of his duty to commit fraud. The Court only received the complaint but has yet to commence with the proceeding. Therefore, it is not probable for the Company to assess any possible litigation losses as of the reporting date.

(v) In November 2016, the Securities and Futures Investors Protection Center (the “Center”) filed a lawsuit against Yang Hwa Technology Corporation (“Yang Hwa”) on behalf of 890 investors due to the false prospectus of unsecured subordinated convertible corporate bonds issued by Yang Hwa in April 2015. The Center alleged that as a security underwriter offering corporate bonds,the Company, together with Yang Hwa, should be jointly responsible for the liability compensation of $23,149. In November 2018, the district court ruled in favor of the Company and claimed that the Company would not have to bear the damage liability compensation. The Center disagreed with the adjudication and filed an appeal to the Taiwan High Court. Because the underwriter evaluation reports issued by the Company was based on audited financial reports, according to judicial practice, the Company may not have to bear the damage liability compensation.

(Continued)

JIHSUN SECURITIES CO., LTD.
Notes to the Financial Statements

(b) Maturity analysis of capital expenditure commitment

The capital expenditure commitment of the Company is the contractual commitments signed for obtaining buildings and equipment.

Maturity analysis of capital expenditure commitment of the Company is as follows:

(Expressed in thousands of New Taiwan Dollars)

	December 31, 2020	December 31, 2019
Less than one year	$ 11,549	22,909
Between one and five years	25,261	7,244
	$ 36,810	**30,153**

JIHSUN SECURITIES CO., LTD.
Notes to the Financial Statements

(c) Pursuant to Article 17 of the Enforcement Rules of the Trust Enterprise Act, the balance sheets and income statements of trust accounts are as follows:

TRUST BALANCE SHEETS

As of December 31, 2020 and 2019

Trust assets	December 31, 2020	December 31, 2019	Trust liabilities	December 31, 2020	December 31, 2019
Cash in bank	$ 180,278	136,215	Payables	$ 9,095	19,571
Stocks	126,510	238,504	Trust capital	7,195,271	6,811,411
Funds	7,096,583	6,352,794	Reserves and accumulated earnings (losses)		
Securities borrowed by the other parties	113,812	126,454	Net income (losses)	203,407	(38,999)
Receivables	17,427	33,930	Accumulated earnings (losses)	218,780	159,599
			Income distribution	(91,943)	(63,685)
Total trust assets	**$ 7,534,610**	**6,887,897**	Total trust liabilities	**$ 7,534,610**	**6,887,897**

(Continued)

JIHSUN SECURITIES CO., LTD.
Notes to the Financial Statements

TRUST PROPERTY LIST

As of December 31, 2020 and 2019

Investment items	December 31, 2020	December 31, 2019
Cash in bank	$ 180,278	136,215
Short term investment		
Stocks	126,510	238,504
Funds	7,096,583	6,352,794
Securities borrowed by other parties	113,812	126,454
Total	**$ 7,517,183**	**6,853,967**

(Continued)

JIHSUN SECURITIES CO., LTD.
Notes to the Financial Statements

TRUST INCOME STATEMENTS

For the years ended December 31, 2020 and 2019

	For the years ended December 31,	
	2020	**2019**
Trust revenues		
Interest income	$ 98	208
Rental income	1,670	2,452
Cash dividends	139,663	110,888
Realized capital gains	170,667	53,917
Unrealized capital gains	351,329	137,902
Unrealized currency exchange gains	37,686	47,183
Realized currency exchange gains	18,872	14,446
Subtotal	719,985	366,996
Trust expenses		
Administrative expenses	1,672	1,596
Tax expenses	7	19
Service fee expenses	6,235	6,126
Realized capital losses	66,620	46,984
Unrealized capital losses	133,436	156,448
Unrealized currency exchange losses	299,800	192,408
Realized currency exchange losses	8,679	2,058
Postage expenses	-	1
Health insurance expenses	129	355
Subtotal	516,578	405,995
Income (loss) before tax	203,407	(38,999)
Income tax expense	-	-
Net income (loss)	**$ 203,407**	**(38,999)**

(10) Significant catastrophic loss: None.

(11) Significant subsequent events: None.

(12) Other: None.

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JIHSUN SECURITIES CO., LTD.
Notes to the Financial Statements

(13) Disclosures required

(a) Related information on significant transactions:

For the year ended December 31, 2020, the Company discloses further information related to significant transactions in accordance with Regulations Governing the Preparation of Financial Reports by Securities Firms. The information is as follows:

(i) Loans to other businesses or individuals: None.

(ii) Endorsements and guarantees for others: None.

(iii) Acquisition of real estate exceeding $300,000 or 20% of paid-in capital: None.

(iv) Disposal of real estate exceeding $300,000 or 20% of paid-in capital: None.

(v) Discount on commission fees for transactions with related parties up to $5,000: None.

(vi) Receivables from related parties up to $100,000 or 20% of paid-in capital: None.

(vii) For the business and significant transactions between the parent company and subsidiaries, please refer to the consolidated financial report.

(b) Information on investees:

The following is the information on investees for the year ended December 31, 2020:

(Expressed in thousands of New Taiwan Dollars)

Name of investor	Names of investee company	Location	Date of incorporation	Approved number and date	Main business scope	Initial investment		Period-end holding balance			The current income of the investee company	Net income of investee company	Investment income (loss) recognized by the Company	Current cash divided	Remark
						The end of this year	The end of last year	Shares	Percentage	Book value					
JihSun Securities Co., Ltd.	JihSun Futures Co., Ltd.	R.O.C.	1994.1.27	1994.5.14(83) Jeng Guan Jau Zi No.006	Futures brokerage, proprietary trading and futures consulting	618,268	618,268	68,696,435	98.14 %	2,135,315	651,613	84,545	82,959	28,323	Subsidiary
〃	JIH SUN INTERNATIONAL INVESTMENT HOLDING COMPANY LIMITED	Cayman Islands	1996.9.9	1996.12.13(85) Taiwan Finance Securities (II) No.66234	Securities brokerage and proprietary trading, guidance regarding corporate finance and public offering, securities underwriting, securities research and analysis, corporate and personal financial planning and investment consultation, financing services, investment trust, futures services, the holding company recognizes the investment gains and losses.	1,795,250	1,795,250	54,600,000	100.00 %	1,185,580	354	6,850	6,850	-	〃
〃	JihSun Securities Investment Consulting Co., Ltd.	R.O.C.	1984.10.12		Provide advisory and consulting related with securities investment on a consigned basis	173,600	173,600	10,000,000	100.00 %	69,215	56,854	895	922	3,349	〃
〃	JihSun Venture Capital Co., Ltd.	R.O.C.	2014.6.5	FSC No.1030017813	Venture capital	300,000	300,000	30,000,000	100.00 %	290,705	-	(4,370)	(4,366)	-	〃
〃	JihSun Securities Investment Trust Co., Ltd.	R.O.C.	1996.12.26		Securities investment trust business and discretionary investment business	211,380	211,380	7,800,000	20.00 %	292,320	300,061	59,711	11,942	23,400	Associates
JIH SUN INTERNATIONAL INVESTMENT HOLDING COMPANY LIMITED	JS CRESVALE SECURITIES INTERNATIONAL LIMITED	HK	1993.1.26	1993.2.2(82) Taiwan Finance Securities (II) No.10505	Brokerage, proprietary trading, underwriting, other related securities business authorized by Hong Kong Act	1,763,755	1,501,675	440,000,000	100.00 %	1,098,404	67,332	354	354	-	Third-level subsidiary
JS CRESVALE SECURITIES INTERNATIONAL LIMITED	JS CRESVALE CAPITAL LIMITED	HK	1985.12.27	1999.12.16(88) Taiwan Finance Securities (II) No.101651	Stock brokerage, futures brokerage, sales of mutual funds	88,500	88,500	2,000,000	100.00 %	78,897	-	791	791	-	〃

(Continued)

JIHSUN SECURITIES CO., LTD.
Notes to the Financial Statements

(c) Foreign branch and representative office information:

(Expressed in thousands of New Taiwan Dollars)

Foreign branch and representative office	Location	Date of Incorporation	Approved number and date	Main businesses and products	Current income	Income after tax	Allocating operating capital				Significant transaction with headquarters	Remark
							The end of last year	Increase working capital	Decrease working capital	The end of this year		
JS Cresvale Securities International Limited Shanghai Representative Office	China (Shanghai)	1999.11.25	1998.4.17(87) Taiwan Finance Securities (II) No.00988	Engaged in non operational activities such as liaison, market survey and research related to its headquarter's business	-	(1,521)	-	-	-	-	-	

(d) Information on investment in Mainland China: None.

(e) Related information on investee companies in other countries which do not have any securities authority:

Pursuant to Financial Supervisory Commission R.O.C. regulation No. 10703209011 dated June 1, 2018, the disclosures related to the Company's investment in foreign enterprises of British Virgin Islands and in foreign enterprises which have not acquired security or futures license of IOSCO MMoU members for the year ended December 31, 2020, were as follows:

(i) Concise balance sheet statement and income statement:

1) Balance sheet

Unit: USD

Company Items	JIH SUN INTERNATIONAL INVESTMENT HOLDING COMPANY LIMITED
Current Assets	3,061,745
Fund and Investments	38,567,546
Current Liabilities	800
Capital Stock	54,600,000
Retained Earnings	(12,888,734)
Other Equity	(82,775)
Total Assets	41,629,291
Total Liabilities	800
Total Equity	41,628,491

2) Income statement

Unit: USD

Company Items	JIH SUN INTERNATIONAL INVESTMENT HOLDING COMPANY LIMITED
Operating Income	11,983
Operating Expenses	(7,263)
Non-Operating Income (Expense)	227,081
Net Gain (Loss) Before Taxes	231,801
Net Gain (Loss) After Taxes	231,801

(Continued)

JIHSUN SECURITIES CO., LTD.
Notes to the Financial Statements

(ii) Marketable securities held:

Unit: share/ USD

Name of company holding securities	Marketable securities type and name	Account	December 31, 2020	
			Shares	Amount
JIH SUN INTERNATIONAL INVESTMENT HOLDING COMPANY LIMITED	JS CRESVALE SECURITIES INTERNATIONAL LIMITED	Investments accounted for using equity method	440,000,000	$ 38,567,546

(iii) Financial derivative instrument transaction and the origin of capital source: None.

(iv) Income from consulting, counseling and other assets management business and services, and lawsuit events: None.

(v) Transactions with related parties:

For the year ended December 31, 2020, JIH SUN INTERNATIONAL INVESTMENT HOLDING COMPANY LIMITED has no material transactions with related parties.

(vi) Lawsuit events:

For the year ended December 31, 2020, JIH SUN INTERNATIONAL INVESTMENT HOLDING COMPANY LIMITED has no lawsuit events.

(vii) Others:

On March 14, 2019, the Company's board of directors approved the dissolution and liquidation of oversea subsidiary, JIH SUN FINANCIAL SERVICES (CAYMAN) LIMITED reinvested by JIH SUN INTERNATIONAL INVESTMENT HOLDING COMPANY LIMITED, based on consideration of the operating situations of JIH SUN FINANCIAL SERVICES (CAYMAN) LIMITED. The Company had received approval letter issued by FSC in April, 2019. On August 22, 2019, the capital of JIH SUN FINANCIAL SERVICES (CAYMAN) LIMITED had been remitted to JIH SUN INTERNATIONAL INVESTMENT HOLDING COMPANY LIMITED.

On September 21, 2020, the Company's overseas subsidiary, JIH SUN INTERNATIONAL INVESTMENT HOLDING COMPANY LIMITED, made a captial injection of 9 million USD in JS CRESVALE SECURITIES INTERNATIONAL LIMITED.

(14) Segment information

For operating segments information, please refer to the consolidated financial statements.