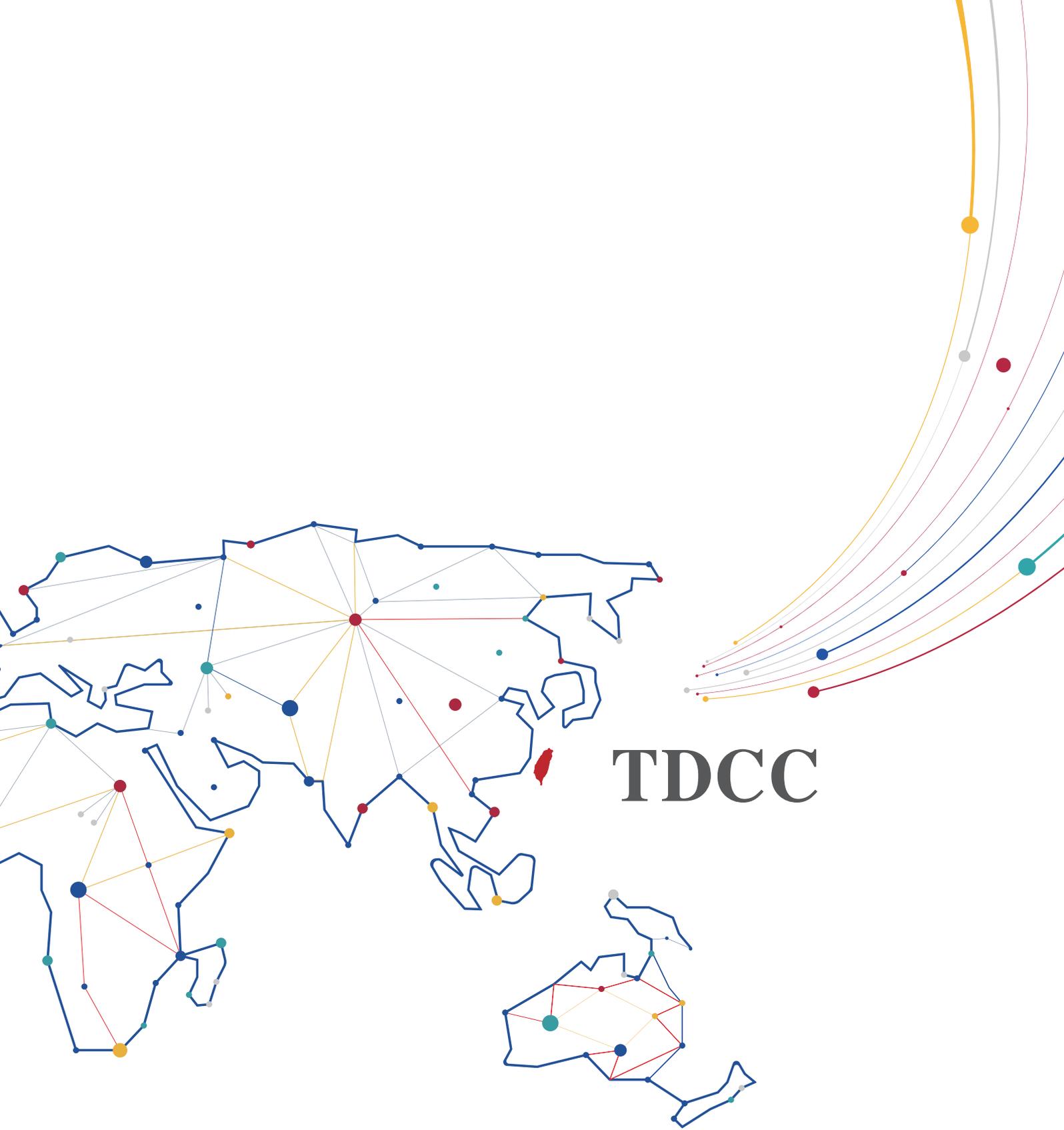


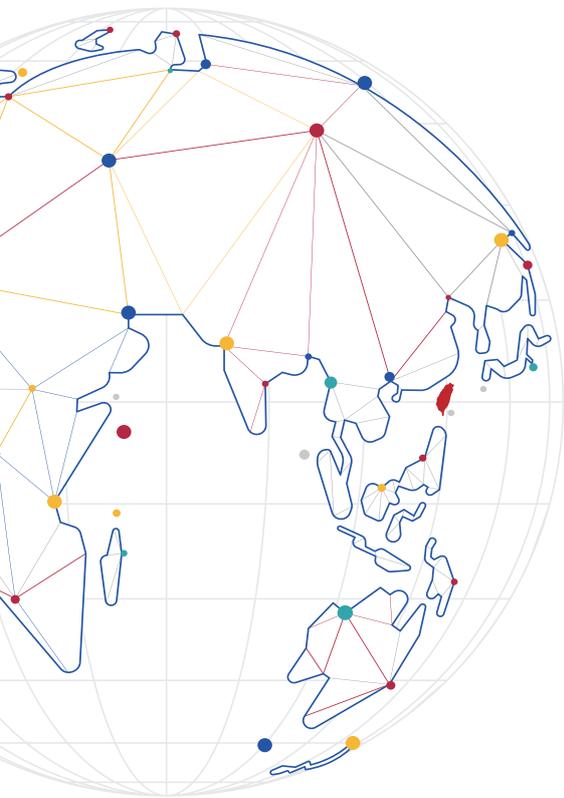


# TDCC

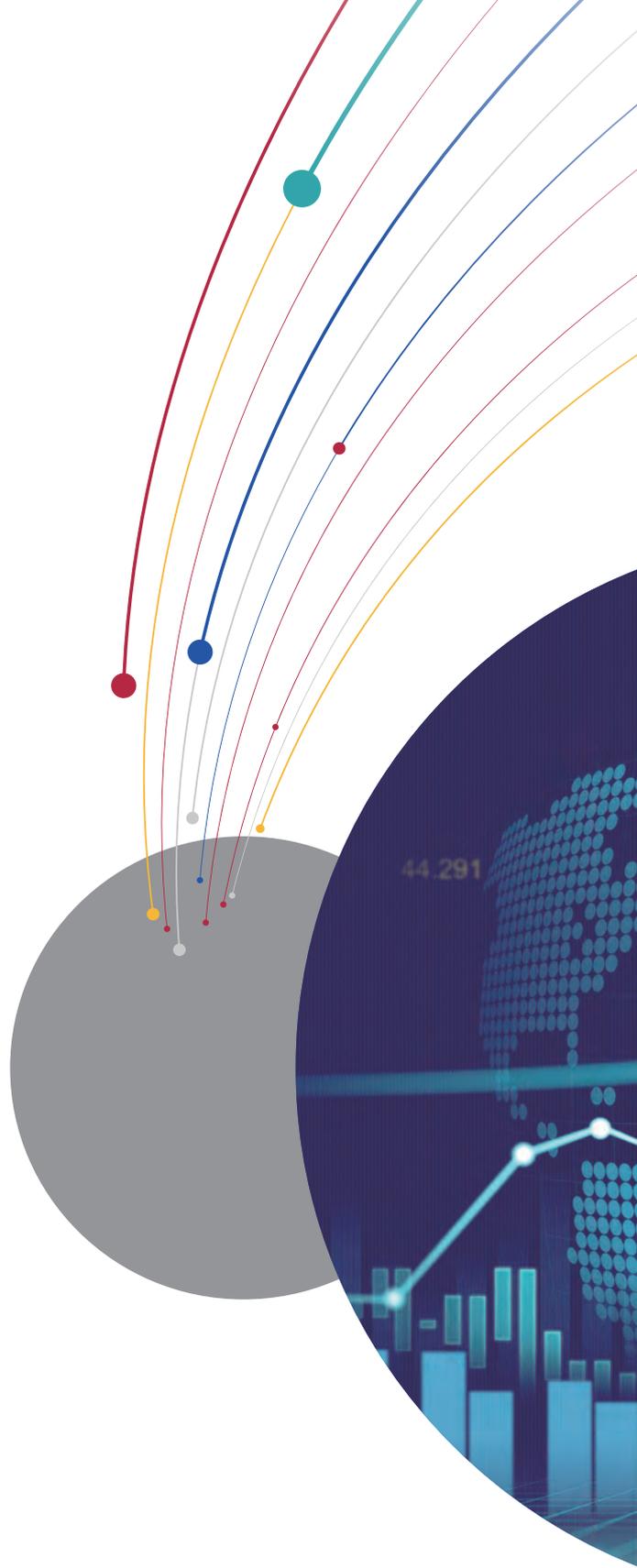
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2019 ANNUAL REPORT

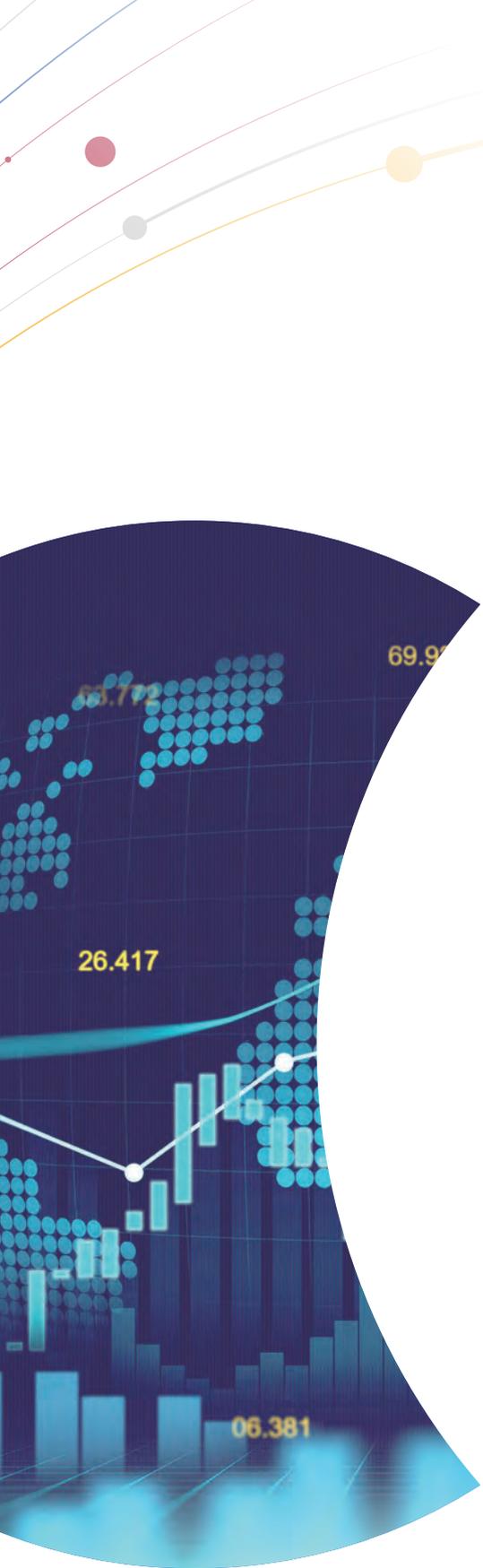


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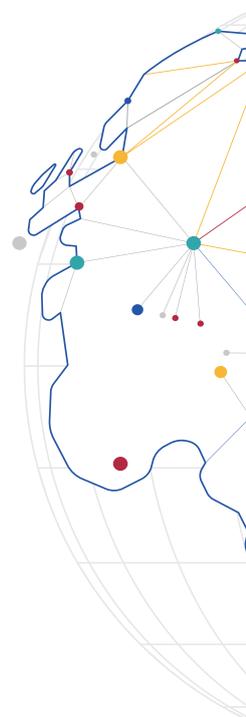
**TDCC**





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## Letter to Shareholders

Dear shareholders:

The world's politics and economics are increasingly interconnected. Within this, the capital market plays the role of an economic window. Looking back on 2019, because global trade disputes and geopolitical frictions brought many uncertainties to the global economy, the momentum of economic growth slowed down. In terms of Taiwan's economy, external demand declined at the beginning of the year. Fortunately, after the middle of the year, the negative effects of the trade war gradually weakened, bringing about the effect of order transfers and additional investment for Taiwan, as well as some momentum toward growth. Although the performance of the capital market was not as good as in 2018, there was still a certain level of performance.

Challenges from uncertainty risks due to changes in the political and economic environments also brought different opportunities to capital market participants. In the face of market challenges and customer needs, new Fintech applications and digital transformation have played leading roles. However, application in new technology is not the only factor creating competitive advantages. The key to successful transformation lies in whether enterprises can adapt to market trends, select appropriate system architectures, use professional talent to integrate cross-border resources, and realize the value of accumulated big data through innovative applications. These are the directions TDCC has been striving toward in recent years.

As of 2019, TDCC has been established for 30 years. After three decades of continuous self challenge and diversified improvement, TDCC's business scope horizontally extends to securities, futures, funds, fixed income securities, and other financial products; and vertically integrates issuance, trading, settlement, delivery, custody, stock affairs and information services. TDCC also provides various platform services such as Fintech, corporate governance, and AML/CFT services. In 2019, we made outstanding achievements in building a digital financial environment for the capital market, improving overall operational efficiency for the money market, enhancing the level of corporate governance in Taiwan, promoting the importance of retirement financial preparation, assisting the competent



*Chairman & CEO* **Sherman Lin**

authorities in improving financial supervision; improving the international visibility of Taiwan; and caring Taiwan through implementing corporate responsibilities.

With regard to building a digital financial environment for the capital market, TDCC has continued to optimize the digital financial environment for the capital market. For example, adding the “Value Integration” function to the TDCC e-Passbook, providing cross-asset, cross-account integrated asset management services through a single digital software package. In addition, in response to the issuance of STO regulations by FSC, TDCC cooperated in the development of computer systems that provide companies with a declaration interface while simultaneously providing investors with an inquiry interface. In addition, in terms of the measures to facilitate financial heritage inquiry, the relevant units adopted TDCC's proposal that “making the National Taxation Bureau act as a unified interface”. In the future, when a heir applies to the National Taxation Bureau of Taipei for an ancestor's property inventory, the heir can also apply for free inquiry into financial heritage information from six major units: the BA; the SITCA; LIA; TAIFEX; JCIC; and TDCC. It helps reduce burdens on the public greatly.

In terms of improving overall operational efficiency for the money market, TDCC promoted electronic handling of registrations for issuance by issuers of financial commercial paper. In order to do this, TDCC actively visited issuers; optimized registration system functions; provided relevant value-added services; set up dedicated network segments; strengthened capacity in information security defense; and, by doing so, improved issuers' willingness to use the system. Through the efforts of TDCC, the balance of electronic registration for commercial paper accounted for about 70% in the market as a whole in 2019, an increase of 60% from 2018. The number of users doubled, effectively improving the issuance efficiency of the primary market for short-term bills, and improving the digital environment of the money market.

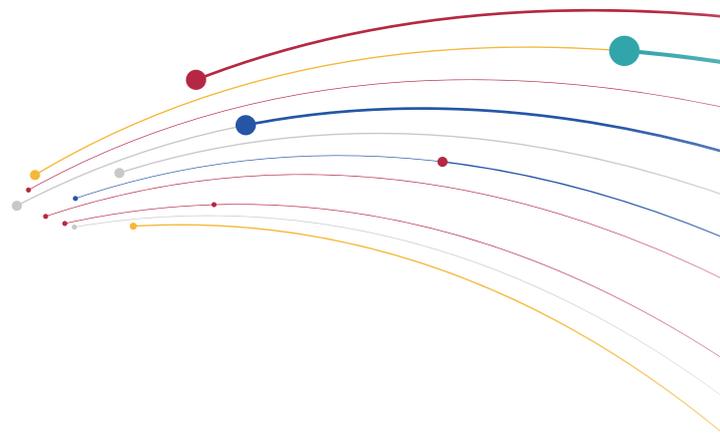
In terms of enhancing the level of corporate governance in Taiwan, in 2008, TDCC launched both an electronic voting service and a straight-through processing (STP) cross-border voting service. With a decade of effort, the system has greatly improved voting convenience for domestic and foreign shareholders. TDCC's Shareholder e-Voting System has been praised as "the most complete and widely used electronic voting platform in Asia" by the Asian Corporate Governance Association. In 2019, TDCC won the eAsia Awards—Gold Award in Digital Transformation—Public Sector with "Innovation in e-Voting & Cross-border Voting Solution STP" project. In recent years, "responsible



investment" has become the mainstream in the market. TDCC has launched the IR Platform, which introduces the concept of the "ESG (environmental, social, corporate governance) scores" to TWSE-listed and TPEX-listed companies, helping issuing companies understand evaluations of their ESG scores given by professional institutional investors. This serves as a bridge between issuing companies and investment institutions, thus helping issuing companies in the capital market to improve the level of their corporate governance from many different perspectives.

In terms of promoting the importance of retirement financial preparation, TDCC cooperated with the SITCA and SFI to actively promote the ReLife Project. Proposed by the competent authority, this project improves public awareness of beginning to prepare for retirement as early as possible. In just three months, with dollar-cost averaging investing "ReLife Project" accumulated over 40,000 actual purchase applicants. This sets a new milestone in promoting investors use mutual fund to prepare for retirement financing; accumulating assets over the long term; and achieving the goal of enjoying retirement.

In terms of assisting the competent authorities in improving financial supervision, in addition to our core business in securities, bills, funds, stock affairs, futures, etc., TDCC also played important roles in assisting the FSC in strengthening the financial market; the Ministry of Justice in anti-money laundering efforts; and the Ministry of Economic Affairs in implementing supervision of companies' representative and major shareholders. In order to meet the competent authority's immediate supervision needs, TDCC designed interactive Money Market and Funds Market Supervision Systems with the assistance of big data analysis technology. With the help of visualization tools, TDCC highlighted differences in structure and timing sequences; successfully reshaped the value of the data; converted large amounts of data into useful information; and effectively brought big data into full play. In addition, public platforms such as the AML/CFT Screening Platform and Company Transparency Platform were established to help related businesses fulfill their international AML/CFT obligations. In 2019's APG Third Round Mutual Evaluation, Taiwan's overall performance achieved the best rating, "general tracking".



In terms of improving Taiwan's international visibility, TDCC has been actively involved in ACG activities for many years, and has become involved in ACG operations as an executive committee member and convener of the Investor Services Task Force in recent years. TDCC's efforts over the years have won unanimous affirmation from the member organizations. In addition, TDCC, in cooperation with TSD and KSD, held the first Investor Services Task Force Workshop in November 2019. The workshop brought together representatives from 28 institutions, including ACG members, international securities central depositories, custodian banks, and asset management companies. The workshop acted as a platform for exchange, and enhanced the international visibility of Taiwan's capital market.

In terms of caring for Taiwan through implementing corporate responsibility, we believe that "business value" and "social value" are equally important. Therefore, in addition to focusing on our core business, we also actively give back to meet the needs of society. In 2019, we continued to help rural schools by holding the Hualien School Joint Concert, TDCC Archery Championship, and other activities, to support the development of arts, culture and sports in local schools. We also organized Financial Literacy for Youth Program, and donated financial education scholarships to the TFSR. We worked to use financial education to eliminate wealth gaps, and actively cultivated financial talents for the country. In 2019, TDCC's achievements in corporate social responsibility were once again recognized by all walks of life. Honors included winning the Excellence in Corporate Social Responsibility Awards, Taiwan Enterprise Sustainability Awards; and received Health Workplace Certification and Taiwan iSports. TDCC's internal care for employees, external support for public welfare, and benefits to the community at large are obvious to all.

In the past 30 years, in addition to actively assisting the competent authorities in carrying out policies to meet the business needs of participants, TDCC has also continued at every stage to challenge ourselves, expand the scope of our services, and improve our service





quality. The only unchanged belief and mission is "being trusted by the capital market, reassure investors, and share prosperity with participants". For TDCC, every change in the times is an opportunity to grow; every change in the environments brings business opportunities. Keeping up with the times, TDCC pursues business transformation and innovation. We actively seek more ways to serve the competent authorities and participants; we constantly try new business models, seeking new value for businesses through Fintech, while continuing to gradually lay the infrastructure for the digital transformation of Taiwan's financial markets.

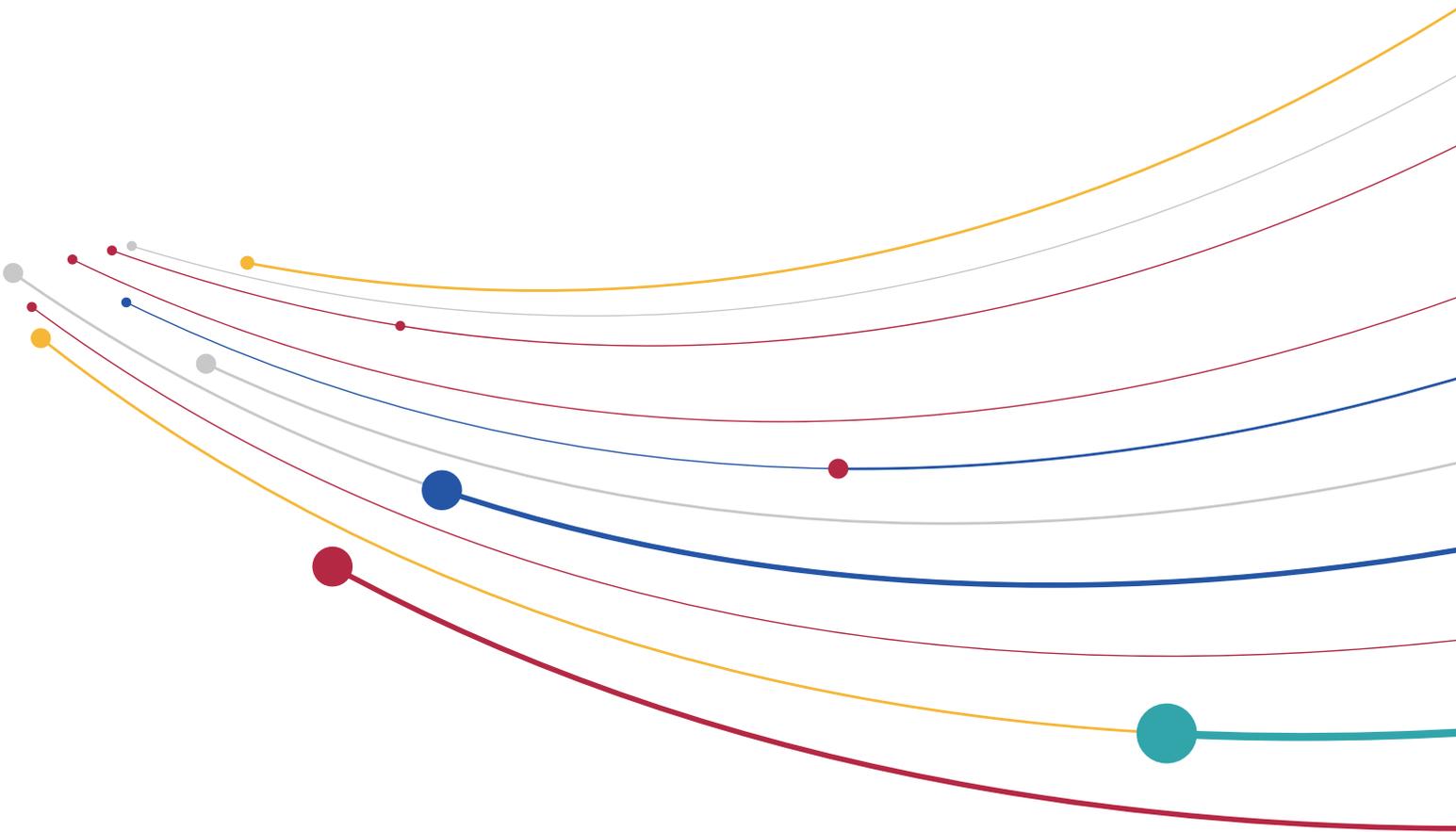
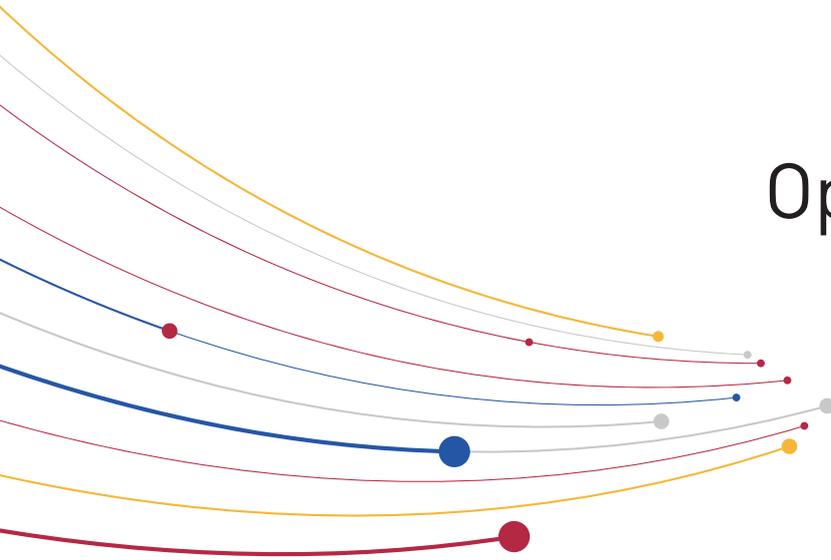
Looking forward to the future, TDCC will continue to listen to users' voices and optimize our existing businesses, but will also actively promote digital financial services through big data, blockchain, cloud services and other information technologies. We will also strengthen maintenance of cyber security, so as to deepen trust relationships with investors. Based on this, TDCC will work with other units through the concept of profit sharing to become a pioneering leader and keep pace with the times.

Both internally and externally, TDCC strives to provide businesses with greater possibilities. With the core concepts of the "Platform Economy", "Customer Orientation" and "Open Innovation", we serve the entire capital and money market to become the steadfast supporter of Taiwan's financial market as it strives towards the international stage.

Taiwan Depository & Clearing Corporation  
Chairman & CEO



# Operations Review







*President* **Han-Chiang Chu**

In 2019, the average daily trading value on Taiwan Stock Exchange (TWSE) was about NT\$109.4 billion, on Taipei Exchange (TPEX) about NT\$31.4 billion, and on the Emerging Stock Market about NT\$0.74 billion, totaling approximately NT\$141.5 billion, a decrease of about 8.06% compared to 2018's average daily trading value of NT\$153.9 billion. In the bonds market, 129 issues of government bonds amounted to NT\$5.551 trillion, 356 issues of financial bonds amounted to NT\$949.4 billion, and 735 issues of corporate bonds (including ordinary corporate bonds and convertible / exchangeable corporate bonds) amounted to NT\$2.20 trillion. For bills market, short-term bills issuance was more than NT\$14.27 trillion, the secondary market outright transaction was more than NT\$23.59 trillion, while the repo transaction amount was more than NT\$20.41 trillion.

Under the guidance of the competent authority, TDCC upholds the mission of serving the market, and continues to provide the market with highly efficient and secure registration, custody and book-entry transfer services. It also provides post-trading operations for fixed-income products and mutual funds market to reduce market operation costs. Moreover, TDCC has also achieved a number of specific results with regard to improving service quality, information systems efficiency and international business, where these achievements are described in the 2019 Business Review and the 2020 Operational Plan as follows.



Securities Market



| TWSE |

NT\$

**109.4** billion

| TPEX |

NT\$

**31.4** billion

| Emerging Stock Market |

NT\$

**0.74** billion

Bonds Market



| Government Bonds |

NT\$

**5.55** trillion

| Financial Bonds |

NT\$

**949.4** trillion

| Corporate Bonds |

NT\$

**2.20** trillion

Bills Market



| Issuance |

NT\$

**14.27** trillion

| Outright Transaction |

NT\$

**23.59** trillion

| Repo Transaction |

NT\$

**20.41** trillion



## • 2019 Business Review

### I. Implementation of Important Business Projects

#### (I) Develop Fintech and provide an efficient and low-risk digital financial environment for the market

##### 1. Optimize TDCC e-Passbook and integrate practical information of capital market

"TDCC e-Passbook" jumped out of the scope of existing securities passbook services, and pioneered the integration of securities and domestic fund market information services with a single digital software to present the asset value of users across products and accounts, and actively provide customized information to assist investors in effective management of account assets. After years of efforts, the "TDCC e-Passbook" has created a number of market first services with an innovative spirit, enabling investors to have the first service experience of "managing cross-border assets, mastering cross-industry information, and customized investment rights and interests" in the financial market. By the end of 2019, the number of "TDCC e-Passbook" accounts had approached one million, growing by double compared with 2018.

##### 2. Promote electronic registration of commercial paper and improve the efficiency of bills issuance

Since September 2017, when TDCC started to handle the issuance of book entry financing commercial paper, it has continued to visit the issuer of commercial paper, promoted the electronic issuance and registration, and actively improved the customer experience and operation performance, optimized the function of short-term bills registration system, established a special network segment, strengthened the ability of information security defense, and planned to provide audit trail report and real-time inquiry for redemption entry information and other value added services, improved the efficiency of redemption operation and the issuer's willingness to use electronic registration. As of the end of 2019, the balance of commercial paper issued by electronic registration accounted for 70% of the total market issued balance, an increase of more than 60% over 2018, and the number of new issuers by electronic registration increased by 1.3 times.

**70%**

of the total market  
issued balance were  
commercial paper  
issued by electronic  
registration



**3. Provide non-guaranteed commercial paper information declaration / inquiry to strengthen the risk control ability of bills dealers**

TDCC cooperates with the competent authority to strengthen the risk control measures of underwriting and holding of guaranteed non-guaranteed paper by using information technology, provides online declaration and inquiry of non-guaranteed commercial paper issuance information for bills dealers, provides instant inquiry function according to the supervision demand of the competent authority, and assigns special personnel to monitor the declaration operation, effectively improves the risk control efficiency of bills dealers, and promotes the bills market to grow steadily. As of the end of 2019, nearly 90 issuers of guaranteed free commercial paper in the market have disclosed their net worth in the latest year, providing 18,672 times of information on the ratio of the issuer's issued balance of non-guaranteed commercial paper to net worth for investors' reference.

**4. Handle short-term bills online bidding and extend the service function of the platform**

In order to simplify the issuer's financing procedures and in line with the annual work plan of the Bills Finance Association, TDCC extends the short-term bill bidding function by using the current system, and provides value-added services such as statistics consolidation reports related to the issuance of commercial paper, so that the issuer can complete the financing bidding, issuance registration, maturity redemption and related financial accounting management on the same interface. After the system is officially launched, it will be able to avoid the risk of input errors caused by the past issuer's manual and paper-based processing of commercial paper issuance bidding data by fax, telephone and other means, so as to build a more convenient, safe and efficient financing environment for the bills market.



5. Establish funds visual inquiry service to grasp the real-time market dynamics

In order to improve the service quality of the fund and provide investors with the most immediate, convenient, neutral and objective information related to the fund, TDCC has set up a fund information unified entrance, the "Fund Information Observation Station". Based on the existing data, TDCC uses Fintech and intelligent software tools to present market statistics information in a visualized figure or trend line, and provides investors with intuitive integration information to assist investors to grasp the fast changing fund market dynamics in real time. In addition, TDCC has also added a diversified online agreed deduction authorization service on the fund trading platform, adjusted for the simplified monthly reporting of overseas funds and the category of sales information, adjusted and lowered the handling fee rate of fund subscription by investors of the fund trading platform through the bank in a regular and fixed amount for deduction, and jointly organized marketing promotion with the fund trading platform operators, with a view to improving the service quality of fund market through more perfect and convenient services.

(II) In line with the Corporate Governance Roadmap (2018-2020), deepen e-voting and investor relations services

1. Establish connection with ISS and provide STP service of cross-border voting direct processing

Since 2014, TDCC has cooperated with Broadridge, the world's largest international voting platform, to provide foreign investors STP service for cross border voting. In order to expand the scope of services, TDCC has been contacting with the Institutional Shareholder Services (ISS for short), the world's second largest international voting organization, since 2018. Starting from May 2019, foreign shareholders who use ISS' international voting platform can also use the STP mechanism of TDCC's cross-border voting direct processing to complete the voting operation of the shareholders' meeting, participate in the shareholders' meetings of Taiwan's companies, which effectively improves Taiwan's competitiveness. In 2019, TDCC conducted the STP service for cross-border voting, completed 94,313 times of voting by foreign shareholders, and improved the attendance rate of shareholders' meeting of TPEX-listed and emerging companies, which is conducive to the promotion of major business of the companies.



## 2. Win the eASIA Awards and shared Taiwan's digital achievements

In 2018, TDCC participated DTA Awards held by the Digital Transformation Association, DTA, and won the excellence prize of "Open Digital Government Award" category with the "Innovative Application of Electronic Voting and Straight Through Process (STP) Service Project", and was recommended by the organizer to compete for "eASIA Awards". eASIA Awards is an international competition held every two years by the Asia Pacific Council for Trade Facilitation and Electronic Business (AFACT). Its main purpose is to promote the development of digital trade, e-commerce and shorten the digital gap between the member countries and economies of AFACT. TDCC participated in the 2019 eASIA Awards finals in Bangkok, Thailand, on November 21, 2019, and won the gold medal of "Digital Transformation - Public Sector" for "Innovative Application of Electronic Voting and Straight Through Process (STP) Service Project", which made Taiwan's digital achievements dazzling internationally. Our delegation also interacted with participating governments, participating teams and information industry to share our advanced experience and win general praise from participating countries.

## 3. Build an Investor Relations Platform, building a bridge between investors and issuing companies

In line with the "facilitating shareholders' exercise of shareholders' rights and urging enterprises to implement corporate governance" listed in the "Corporate gGovernance blueprintRoadmap (2018-2020)" issued by the competent authority as an important strategic objective, TDCC has built the Chinese and English version of "Investor relations Relations Platform" to promote the communication between investors and issuing companies, facilitating investors to query the investor service and corporate governance information of the issuing company, and understanding



the operation of Taiwan's - e-Voting business. In addition, in order to promote the use of the platform and enhance the importance of advocating investor relations in corporate governance, TDCC held the "Launching Ceremony of Investor Relations Platform and ESG Forum" on March 15, 2019, inviting domestic and foreign speakers to discuss the trend of the shareholders' meeting and ESG (environment, society and governance) and investor relations practice, and the competent authority, major institutional investors such as the four major domestic funds, insurance companies, domestic and foreign investment trust companies and nearly 200 representatives of TWSE-listed and TPEX-listed companies were invited to participate, which triggered a warm response and contributed to the improvement of corporate governance level in Taiwan's capital market.

**(III) Establish a digital supervision platform to assist the competent authority to strengthen market supervision**

**1. Assist the competent authority to supervise the market by combining technology with big data of TDCC**

In order to meet the needs of the competent authority, TDCC applies Regtech to analyze the big data of the financial market, and designs a simple and easy to read visual "bills market supervision information" system. Compared with the original regular and static business statistical reports, the system can cross connect a variety of risk information, supplemented by color, line and other graphic tools, to show the differences in structure and time sequence, and provide dynamic analysis chart, risk early warning function and other services; in addition, according to the different supervision needs of the competent authority, we developed customized online real-time inquiry service of fund market statistics information at home and abroad, effectively simplifying a large number of data into useful information for the reference of supervision or policy planning. The supervision technology service of TDCC integrates all kinds of financial business information, successfully reshapes the data value, helps to judge the trend of financial market and the possible behavior mode of market participants, improves the efficiency of financial supervision, provides the most powerful backup for the competent authority to stabilize the financial order, comprehensively, actively and timely grasp the financial market.

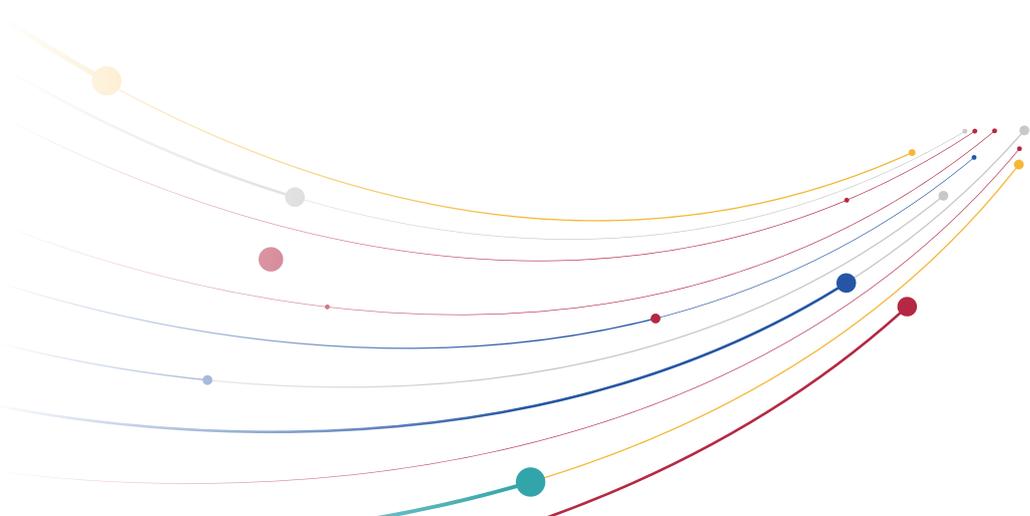
**2. Establish the information inquiry platform for TDCC's principal and major shareholders to assist the government in implementing the prevention of money laundering**



In order to prepare for the third round of evaluation of Asia/Pacific Group on Money Laundering (APG), the AML Office of the Executive Yuan led the public and private sectors to participate in the preparation for evaluation. TDCC assisted in the establishment and maintenance of the "AML/CFT inquiry system" and the establishment of the "information inquiry platform for principals and major shareholders of the companies". TDCC's reporting has been opened from November 1, 2018 and inquiry has been opened from February 25, 2019. The platform receives the declaration data of listed (or OTC) and emerging companies from the TWSE and the TPEX every month, and after comparing with the commercial and industrial system of the Ministry of Economic Affairs for processing, it provides inquiry to the user units. In addition, it connects TDCC's "AML/CFT inquiry system" to obtain the similarity score data and save inquiry time of the user units. Taiwan's AML operation has been highly affirmed by all countries and awarded the best rating of "general tracking" by APG with great results. TDCC also won the "special thank you award" at the "money laundering prevention and control evaluation and recognition conference" of the Executive Yuan.

### 3. Improve laws and regulations and put forward suggestions to maintain the order of securities market

In order to strengthen the equity of the securities market, TDCC assisted the competent authority in 2019 to strengthen the management of the public tender offeror's ability to pay for the purchase consideration and the authorized institution's handling of the tender offer of shares, revised the relevant procedures for tender offer of the "internal control system standard of the stock affairs unit", and adjusted the relevant system functions of TDCC; we checked the operation of the shareholders' meeting of the dispute company, and assisted the competent authority to maintain the order of the securities market; in response to the policies of Ministry of the Interior, such as abolishing the seal certification, we proposed suggestions for improving the efficiency of laws and regulations as a reference for the competent authority to revise laws and regulations.



(IV) Optimize financial infrastructure and improve diversified services of capital market

1. Carry out measures to simplify financial heritage inquiry and improve the efficiency of inheritance case inquiry

In order to improve the efficiency and convenience of people's access to financial heritage related information, the FSC sent a letter to the TFSR on July 22, 2019, requesting the TFSR to discuss and simplify the current measures for access to financial heritage. After the contact of the TFSR with TDCC, our proposal of "National Taxation Bureau act as a unified interface" was adopted by the TFSR and supported by the National Taxation Bureau of Taipei. From December 1, 2019 to June 30, 2020, it was put into trial operation in National Taxation Bureau of Taipei, and promoted to be implemented jointly by the National Taxation Bureaus of all regions in Taiwan since July 1, 2020. It is estimated that the time schedule for heirs to obtain heritage information will be greatly reduced, and the inquiry efficiency of inheritance cases will be enhanced.

2. Handle the ReLife Project improve the people's awareness of retirement preparation

The importance of retirement life is increasing day by day. In order to advocate the idea that retirement preparation should be carried out as early as possible, and to remind Taiwan's people to improve the efficiency of retirement financial preparation with correct investment and financial management, under the guidance of the FSC, TDCC, the SITCA and the SFI jointly organized the "ReLife Project ". TDCC actively serves as an assistant unit by acting as a contact window for the competent authority, the SITCA and the industry, holds retirement financial education lectures and retirement happy life forum, as well as financial Expo to improve the visibility of retirement financial issues.



> **5 million**  
Accumulated page views

> **110,000** people  
Signed up



The project has accumulated more than 5 million views and more than 110,000 people have signed up, which is a milestone in promoting independent retirement finance.

### 3. Provide comprehensive services in line with business development in the overall market

In response to the government policies and the needs of market practice, TDCC has completed the following important works in 2019: researching and preparing the use and development of the information reporting system for issuance of securities token (STO), so as to maintain the correctness of STO data in the market; coordinating with the planning of relevant measures in response to the policy of "aboriginal names tied to Roman Pinyin should use full names "; providing book entry transfer for exchange traded note (ETN) and book entry transfer for weekend supplementary work; conducting education and training for business personnel of TDCC, assisting in advocating online transaction by transaction; expanding and adjusting the information system in line with the price fields in the trading systems of the TWSE and TPEX; discussing and planning for investors to apply for public tender and sale by telephone, so as to improve the convenience of settlement and depository operation; discussing the control mechanism for internal personnel to transfer the pledged shares of TDCC to the pledgee; developing a futures clearing computer system in line with the major businesses of the TAIFEX.

### 4. Optimize TDCC's internal process and improve the market efficiency

In order to improve the efficiency of the overall market operation, TDCC actively handled the following key tasks in 2019: to meet the needs of the participants in the efficiency improvement of the audit operation, to provide the system optimization function, and to strengthen the management measures for the use of the system; to adjust the length of the price field in the exchange (OTC) and emerging trading market in line with the business promotion and trading practice of securities firms; to revise the presented field for information disclosure of "customer balance data inquiry" to provide services such as confirming the status of customer's trading account between the custodian institution and the securities firm; to simplify the service of securities transfer documents; to simplify the reporting for default by emerging stock investors; to provide the custodian institution with the settlement data verification service according to the account number confirmation; to shorten the retention period of central depository operation vouchers and statements; to discuss and improve the overall settlement process of securities firms.

(V) Participate in international organizations and conferences to improve the visibility of Taiwan's capital market

1. Devote into the operation of the central depository organization in the Asia Pacific region and lead for the common prosperity and development of the central depository organization

In order to promote international communication and develop international business, TDCC has been keen to participate in the activities of Asia-Pacific CSD Group (ACG) for many years, and has been actively involved in the operation of ACG as executive committee member and convener of investor service working group in recent years. On the ACG's re-election, Chairman of TDCC Sherman Lin was elected as Vice-Chairman by an overwhelming majority at the 23rd Annual Meeting of ACG on September 11, 2019. He will work with the Chairman to lead the future development of ACG, so as to promote global exposure, reorganize the working group, strengthen member cooperation, explore new business opportunities, strengthen communication with other regional organizations and joint training of management personnel, and lead the future development of ACG, and he will represent ACG as a member of the board of directors of the world central depository organization and participate in important decisions of the organization.

2. Hold international seminars on investor services, connect East Asia resources and create regional development jointly

Since the establishment of the investor service working group of ACG in 2018, TDCC has focused on research and communication, handling seminars for middle-level cadres, presiding over group discussion meetings of the working group in the annual meeting and other key work, so as to create an communication platform for ACG members on the latest development of investor service and related technology applications. In response to the government's new southward policy, TDCC held the first International Seminar on





Investor Services in Bangkok, Thailand, on November 14, 2019, in cooperation with Thailand Securities Depository and Korea Securities Depository. Focusing on "e-service of shareholders' meeting", TDCC invited industry experts and ACG members to share innovative and diversified services of shareholders' meeting. There were more than 65 representatives from 28 organizations including ACG members, ICSDs custodian banks and asset management companies attending the meeting. The event was a complete success and effectively promoted regional development, communication and cooperation.

**(VI) Fulfill corporate social responsibility and realize the concept of economic, social and environmental sustainability**

**1. Conduct Financial Literacy for Youth Program and strengthen the employment function of disadvantaged youth**

Since 2015, TDCC has invited the TWSE and other units to jointly prepare and promote the "Financial Literacy for Youth Program", which provides financial professional courses, relevant license examination guidance and assistance to financial employment matchmaking for fresh graduates of universities (colleges) with poor family economy across the country, and promotes the cultivation of financial talents through public welfare education, so as to create a "turn around life and fulfill financial dream" in the future. In the (4th) special class of 2018 academic year, a total of 1,443 certificates have been obtained by the students, 429 trainees have successfully completed their courses, 177 of whom actively seek financial professional work. By the end of 2019, over 80% ,149 trainees have been recruited by financial institutions.

**2. Join hands with financial industry to hold joint public welfare and take practical actions to take care of the weak**

In addition to the "Financial Literacy for Youth Program" program, TDCC also held / participated in various joint public welfare activities with financial peripheral institutions in 2019, bringing warmth and care to places where the society needs in combination with the strength of the financial industry. TDCC has donated to the Financial Services Education Public Welfare Fund of TFSR for financial education and scholarships for vulnerable students; responded to the Financial Services Charity Carnival, advocated financial knowledge and business service information of TDCC, and combined with social welfare to give back to local vulnerable groups; continued to participate in the "food physical bank" program of the TAIEX and the "Ministry of Education - school education savings account" of the TWSE to take practical actions to care for disadvantaged groups and rural students.

1,443  
Certificates

obtained by the  
students of 2018  
academic year

### 3. Support vulnerable groups and social welfare institutions to light up the corner of society

TDCC has long handled various public donation activities and caring volunteer services, including vulnerable groups, parent-child care and elderly care. Through donation, sponsorship and co-operation, TDCC has actively involved with non-governmental organizations. In 2019, we jointly held a winter warming and charity sale garden tour with Hualian family support center to increase the social participation of the supported families and the close connection with their members. We donated the project plans of Kanner Foundation and Taipei Autism Children Social Welfare Foundation, which provided daytime functional training and multiple talent and community adaptation courses for young people with moderate and severe autism, enabling them to have abundant training resources to connect with the society; for ten consecutive years, the charity blood donation and blood bag donation activities have been held, with more than 100,000 blank blood bags donated to collect 490,000 cc of hot blood; in addition, donations have been made to Eden Social Welfare Foundation, the Love for Visually Impaired Association and other social institutions, reflecting the concept of undertaking corporate responsibility to create a happy society.

### 4. Care for rural primary education and light up the future of vulnerable children

In the year 2019, TDCC has continuously sponsored the supplementary training and learning plan for primary schools in rural areas and the sports training and learning plan for football, archery, badminton and speed skating; provided family care, after-school program and skill learning for vulnerable students in the school to improve their difficulties in life and learning, make them grow up healthily and study happily, and enhance their competitiveness to face future challenges; and through team sports activities, let the children from the countryside have the opportunity to receive training. Through sports, they can cultivate self-confidence and discipline, learn to cooperate with partners, and strive for a higher honor for the team and themselves.

### 5. Participate in cultural promotion projects and enhance Taiwan's international visibility

TDCC actively participated in the integration of public and private sector resources

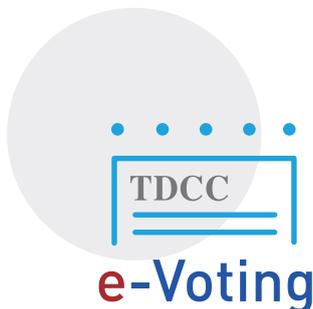




related projects, and jointly promoted cultural, educational and various sports exchange activities with cooperative units. In 2019, TDCC sponsored the "Presidential Office Concert" of the General Association of Chinese Culture and the "World Counterparts, Taiwan Flies - Architectural Lighting Exhibition of the Presidential Office on National Day", the "AFC Futsal Cup International Invitational Tournament" of the CTFA, and the World Conference of Women's Shelter of the Garden of Hope Foundation.

**6. Promote financial education and participate in relevant activities and plans of the competent authority**

TDCC assists the competent authority in the promotion and education advocacy of financial knowledge for the year 2019, establishes the correct consumption and financial investment concepts of the investing public, improves the financial literacy and protects the rights and interests of investors, and contributes to the sound development of Taiwan's securities and futures market. For university teachers and students, we hold "in-depth lectures on campus financial knowledge" and visit the "Taiwan Stock Museum". In addition to taking financial education root into the campus, we can expand the campus advocacy channels, promote financial knowledge, and inspire students' career planning after graduation. In addition, in line with the trend of action, we launched digital short films - "e-voting is really easy, e-voting for shareholders' rights" and "TDCC e-Passbook, a better choice for you". The video shows the characteristics of e-voting and TDCC e-Passbook, helping young people increase their knowledge of investment and financial management.

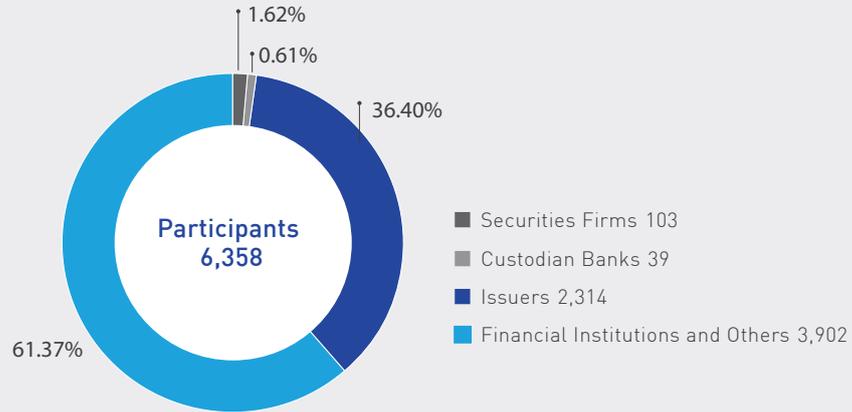


**7. Compile the special edition of the 30<sup>th</sup> anniversary of TDCC, inherit the development history of capital market and Taiwan's central depository system**

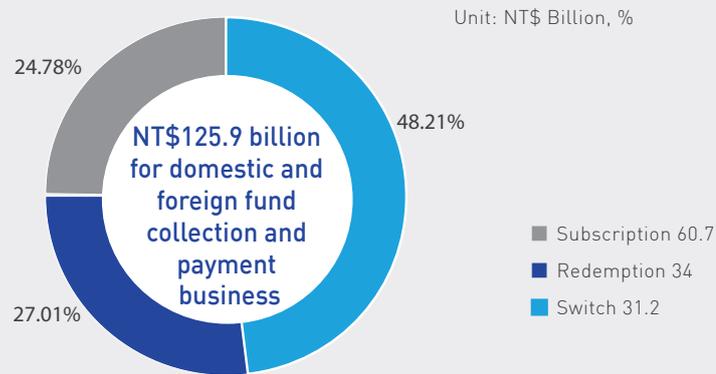
Over the past 30 years, TDCC has been engaged in diversified business and deepening financial services. In order to record the evolution of Taiwan's capital market and TDCC's business transformation and digital innovation with the times, and create the greatest value of the capital market, TDCC has specially prepared the 30<sup>th</sup> anniversary digital special issue, shot the 30<sup>th</sup> anniversary video, and planned the special exhibition to enrich the graphics and digital audio and create the visual effect of innovation, including the recent business development history and past historical records, by reviewing the precious historical photos and stories as the inheritance for future market participants, we distributed them to the competent authority, financial, securities and other relevant units to provide financial and securities practitioners with reference.

## II. Operational Performance

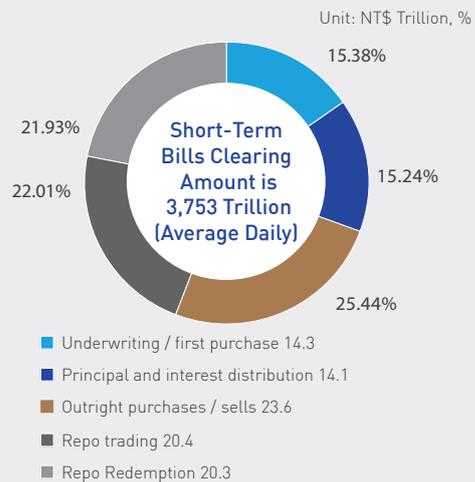
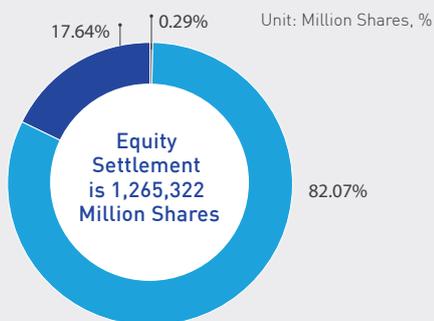
### Participants



### Fund Business



### Clearing and Settlement Business





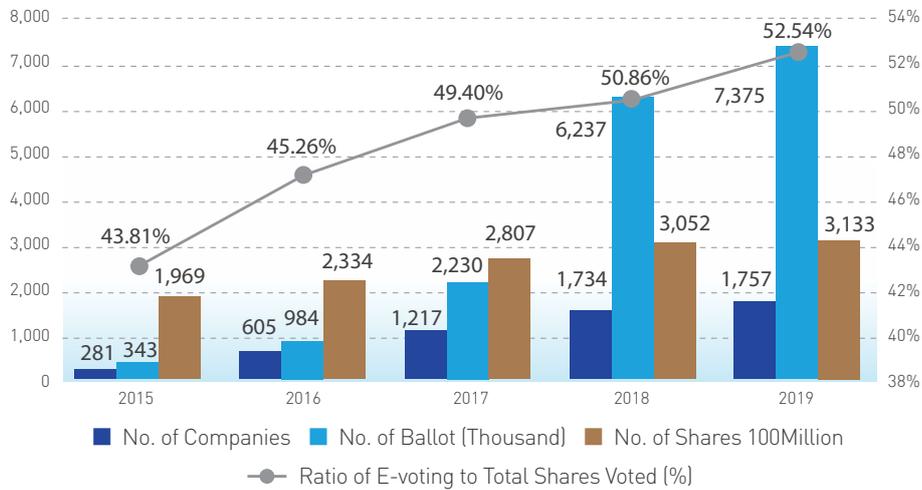
Book-Entry Transfer Business



The total number of shares allocated of equity securities reached 515,314 million

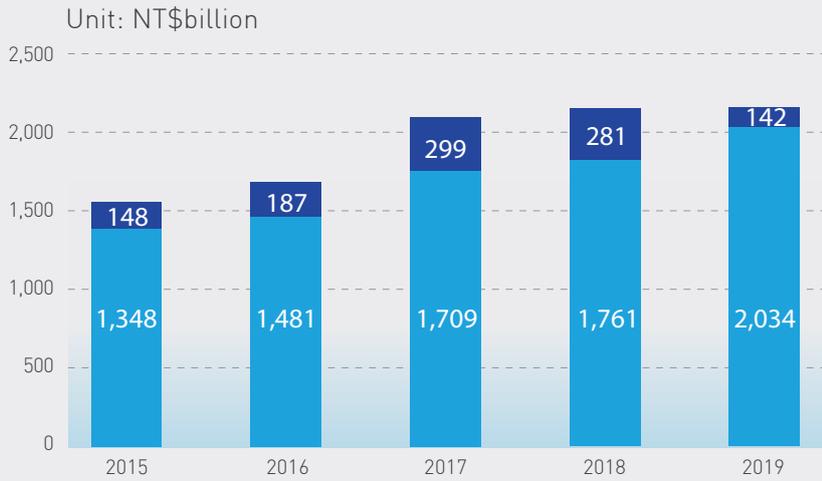
■ Number of transactions (million) —● Number of Shares (million shares)

E-voting Business



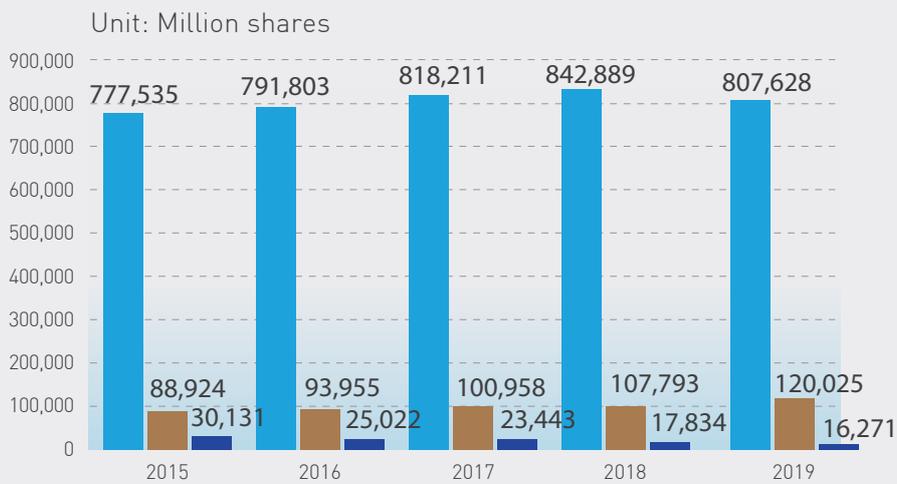
■ No. of Companies ■ No. of Ballot (Thousand) ■ No. of Shares 100Million  
—● Ratio of E-voting to Total Shares Voted (%)

Custody Business



The balance of short-term bills is about NT\$2,176.7 billion

■ CP2/CP1/BA ■ NCD/ABCP/MN



The balance of central custody of listed (OTC) and emerging stocks is 943,923 million shares

■ Listed securities ■ Over-the-counter securities ■ Emerging stock



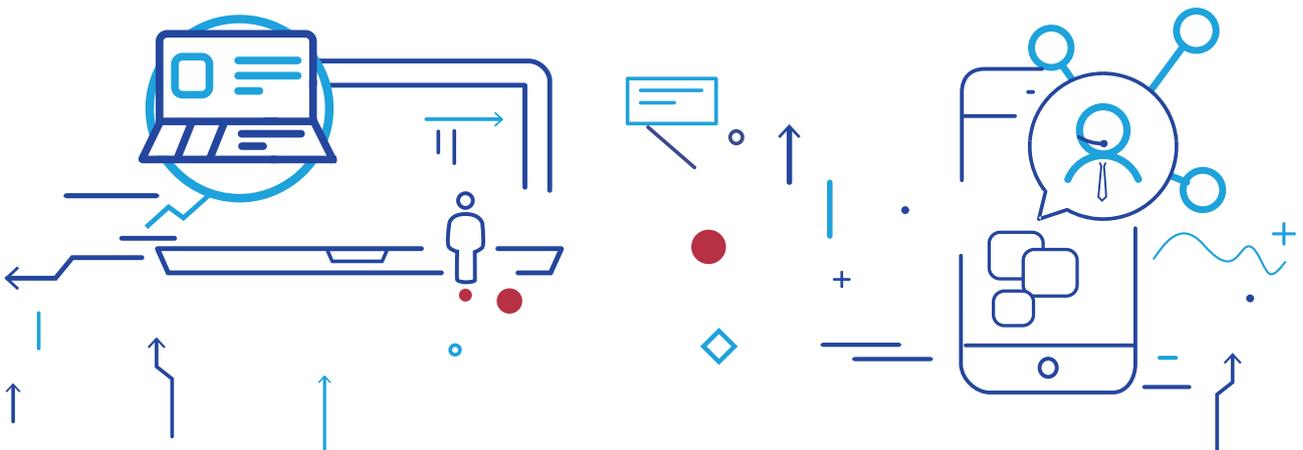
## • 2020 Operational Plan

In 2020, TDCC will continue to focus on Fintech, promote information integration and digital transformation, deepen diversified services, and create the maximum value of financial market through cross-boundary, cross industry and cross-border data integration. In the face of rapid changes in the market, TDCC will be deeply involved in the field of digital and information security, and promote the development of digital financial services with big data, blockchain, cloud services and other information technologies with the times. Of course, TDCC still upholds its original intention, adheres to the concept of sharing goodness with market players, and establishes a Fintech service ecosystem through public-private collaboration. TDCC's key business plans in 2020 are as follows:

### I. Discuss on digital innovation service of securities market

To cooperate with the competent authority to create a digital financial environment, TDCC proposes to provide investors with more multiple identity authentication methods to facilitate online account opening and other operations. In addition, TDCC also proposes to provide investors with access to the domestic fund positions for subscription of "ReLife Project "through "TDCC e-Passbook".

In addition, we will discuss the application of Fintech, including "electronic transfer of documents for securities", "electronic transfer of documents for securities transfer with different ID accounts handled by participants", "electronic transmission of bond trading vouchers between bond dealers and custodian bank customers". "electronic transmission of transaction orders between bills dealers of the secondary market" and electronic transmission service of participant's depository certificate and bond and bill transaction voucher.



## II. In line with securities market trading system

In 2020, "Continuous Trading" will be officially launched. The significant change of securities trading system will increase the number of matching transactions and affect the trading habits of investors greatly. TDCC has completed the optimization of information system with the TWSE and securities firms, and conducted relevant tests to ensure the smooth implementation of continuous trading. In order to facilitate the trading of odd-lot shares by small investors, TDCC will cooperate with the TWSE's plan and discuss the provision of book entry transfer operations such as settlement and delivery of intraday odd-lot trading. In addition, due to the promotion of the odd-lot share trading mechanism, the number of odd-lot shareholders may increase sharply. In order to assist the competent authority to understand the market development and strengthen the protection of personal data of investors, we plan to analyze the electronic voting behavior of odd-lot shareholders and strengthen the advocacy of investor data protection.

## III. Discuss on providing collateral management services for overseas cross-border custody business

In order to meet the needs of collateral management in securities lending and money lending businesses in the market, it is proposed that participating institutions of cross-border custody business may use overseas qualified securities, submit them as collateral for money and securities lending business, and establish special account opening, collateral management and account management related operation and information system, including discussing the special account of collateral of foreign custody, transfer or settlement institutions for the selection principle and control method of eligible collateral subject matter, the establishment of collateral mark to market, replacement, maturity treatment and other operations, and the provision of daily balance of collateral and detailed account of the subject matter.

## IV. Cooperate with Asian Corporate Governance Watch to handle relevant matters

TDCC will handle relevant improvement measures and adjust the function of "Due Diligence Voting Statistics" in accordance with the follow-up issues of the CG watch 2018 of the competent authority, so as to facilitate institutional investors to disclose the content and reasons of the opposition proposal; cooperate with CG Watch 2020ACGA, and jointly discuss with the TWSE to cooperate with the international Juridical person voting advisory body to handle relevant activities. In addition, activities are proposed to be held in the peak season of the shareholders' meeting to promote foreign institutional investors to participate in the shareholders' meeting of TWSE-listed and TPEX-listed companies.



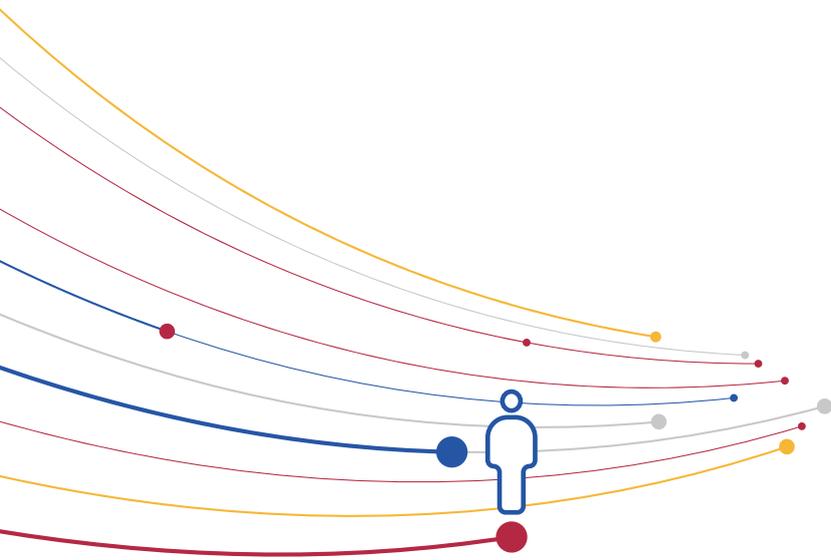
## • Outlook

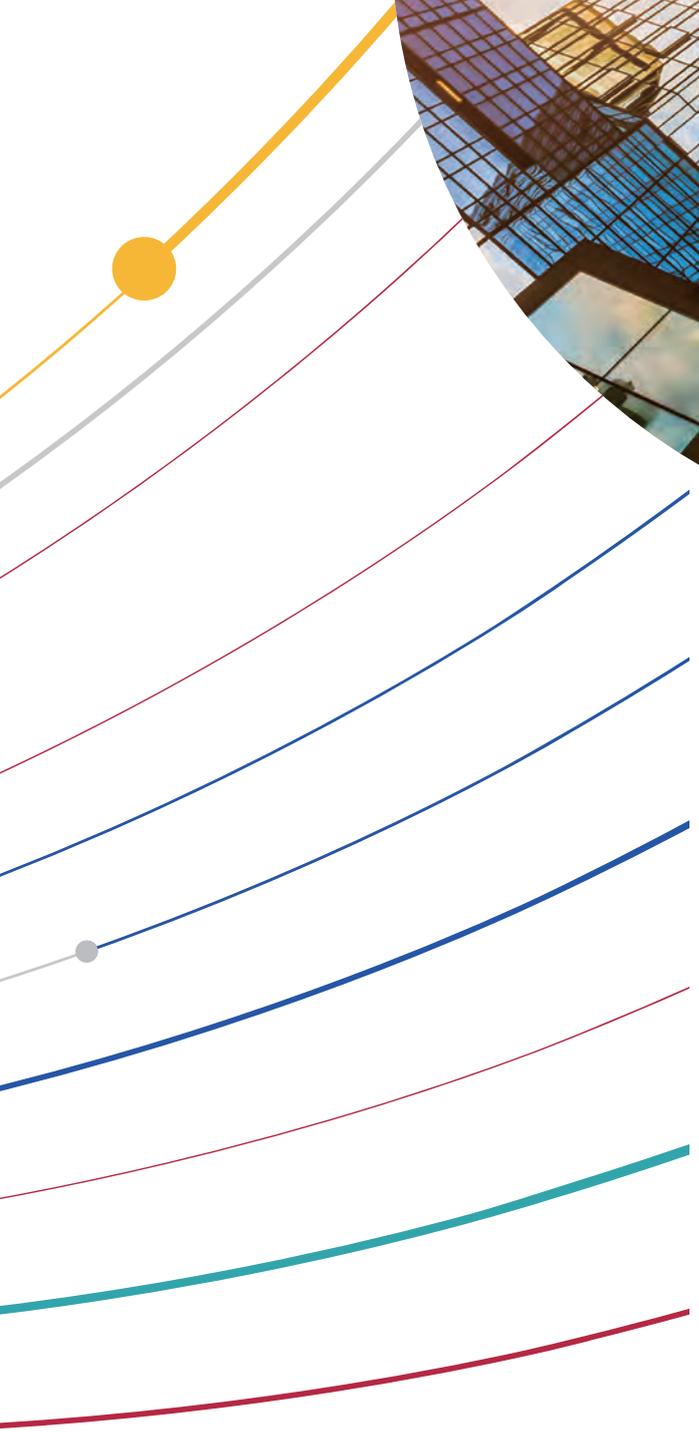
TDCC has celebrated its 30<sup>th</sup> anniversary. With the supervision of the competent authority and the full support of the industry's advanced industry, TDCC's depository, settlement, delivery, and book entry transfer business have grown steadily. Looking ahead into 2020, TDCC will cooperate with the FSC's policy, implant digital DNA into TDCC, promote industrial development and digital transformation with financial innovation, and encourage colleagues to solve problems with digital thinking from the perspective of customers, think as a team and break barriers. TDCC has introduced agile development and robot process automation (RPA) to improve service quality and overall capital market back office operation performance, and planned to use cloud technology to improve the flexibility and efficiency of information system resources. We have authorized the establishment of project teams across different departments within TDCC. Through new technologies, new approaches and new concepts, we have cross domain collaboration, optimize internal and external processes, and strive to quickly revise and output. We will create an asset management platform closest to investors, build a "Big Data Analysis Application Platform", analyzing business data of securities and bills and providing timely and visual digital supervision platform services for competent authorities.

TDCC pursues sustainable operation. In the era of digital economy, it will adhere to the attitude of "no best, only better", with an open attitude and innovative thinking, to use core business capabilities, reshape the value of financial data, improve the efficiency and quality of financial services, create a digital innovation ecosystem, and continue to promote international integration. In addition, TDCC will also respond to the UN's sustainable development goals by developing economy, caring for society and protecting the environment, work together with its business partners, implement the corporate care concept and practice social responsibility with practical actions, continuously inject positive energy for the society to improve, exert financial influence, and expand Taiwan's capital market.



# Company Introduction





TDCC was formally Taiwan Securities Central Depository Co., Ltd. (TSCD), which was established in line with the direction of the competent authority, to increase the efficiency of securities market and resolve the heavy workload of processing paper securities, thereby providing a secure and efficient central depository. It was co-invested by Taiwan Stock Exchange (TWSE), Yuanta Securities Finance Co., Ltd and securities firms, and was officially established in October 1989, and went into operation in January 1990, providing securities central depository and book-entry, centralized trading and over-the-counter market securities settlement, emerging stocks clearing and settlement, and registration of securities issued in dematerialized form. It was also entrusted by the competent authority to conduct audit on stock related matters.

To provide convenience to the market participants, prevent repeat resource investment and follow the trend of back-office integration in the international securities market, the competent authority resolved to make TSCD under the jurisdiction of the Ministry of Finance in July 2005, and to merge TSCD with Debt Instruments Depository and Clearing Co., Ltd. Taiwan (DIDC), which handled short-term bills. Through the integration of clearing, settlement and depository platform, it aims to effectively reduce the cost of investment, increase operational efficiency, expand scope of service, and stimulate market development. The merging of the two companies was completed on March 27, 2006, and renamed as Taiwan Depository & Clearing Corporation (TDCC).

Subsequently, considering the development trend of the operations of shareholders meeting in the global securities market in recent years, TDCC and Taiwan Integrated Shareholder Service Company (TISSC) resolved to promote the merging of the two companies in November 2013. The merging was completed on March 24, 2014, with TDCC as the surviving company.

Through the above merger and reorganization, TDCC has become Taiwan's only backend organization in the securities market, a diversified market platform that provides equity securities, fixed-income securities, bills, mutual funds, futures and corporate action services.

## • The Multiple Roles of TDCC

TDCC was established in line with the competent authority's promotion of securities central depository, book-entry transfer and settlement mechanism. Our service scope has gradually extended from equity products to more diversified products, such as fixed-income securities, bills, futures, mutual funds, corporate actions, etc. We provide registration, custody, clearing, settlement, information transmission, payment, e-voting and other value-added services. Using compliance technology to assist in policy promotion, we offer multiple services such as AML/CFT Screening Platform and Company Transparency Platform.

## • Shareholder Structure

As of the end of 2019, TDCC has 1,795 shareholders, comprising 104 institutional and 1,691 individual shareholders. Taiwan Stock Exchange is the principal shareholder, holding 50.59% of shares, followed by Yuanta Securities Finance Co., Ltd, holding 8.78% of shares.



Taiwan Stock Exchange Corporation	<b>50.59%</b>
192,049,961	
Yuanta Securities Finance Co., Ltd.	<b>8.78%</b>
33,333,468	
Institutional shareholders such as securities firms, financial institutions and bills dealers, and individual shareholders	<b>40.63%</b>
154,227,991	

## • Board of Directors and Supervisors

The Board of Directors is formed by seven directors, representing Taiwan Stock Exchange, Yuanta Securities Finance Co., Ltd. and KGI Securities Co., Ltd. There are three supervisors, including one standing supervisor.

Shareholder  
Represented



Chairman, Sherman Lin | Taiwan Stock Exchange Corporation

Shareholder  
Represented



Director, Jan-Yau Hsu | Taiwan Stock Exchange Corporation  
 Director, Han-Chiang Chu | Taiwan Stock Exchange Corporation  
 Director, Ho-Sheng Wang | Taiwan Stock Exchange Corporation  
 Director, Ren-Wen Gong | Taiwan Stock Exchange Corporation  
 Director, Ming-Hong Ho | Yuanta Securities Finance Co., Ltd.  
 Director, I-Yung Mai | KGI Securities Co., Ltd.

Shareholder  
Represented



Standing Supervisor, Chun-Hong Chen | Taiwan Securities Association

Shareholder  
Represented



Supervisor, Hank Huang | Taiwan Securities Association  
 Supervisor, Chia-Ying Hong | Taiwan Futures Exchange Corporation

## • Main Business Scope

### Equity Securities Products Services

#### Securities Custody

- Physical Securities Depository
- Dematerialized Securities Registration

#### Book-Entry Transfer Services

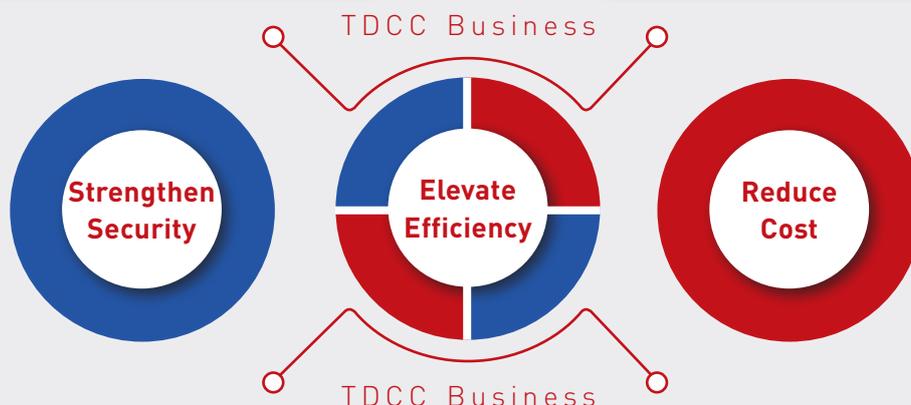
- TWSE/OTC Trading
- Book-Entry Transfer Settlement
- Emerging Stocks Settlement
- Cross-Border Book-Entry
- Other Book-Entry Transfer Service

### Corporate Action Services

- Stockvote
- C.A. Net
- e-voting with Straight Through Processing [STP]

### Futures Services

Delegated by TAIFEX to Process Computer Data of Futures Settlement



### Fixed-Income Products Services

#### Bonds, Short-Term Bills Registration and Custody

- Physical Bonds/Bills Custody
- Dematerialized Bonds/Bills Registration

#### Book-Entry Transfer Services

- RTGS
- Cross-Border Book-Entry Transfer
- Other Book-Entry Transfer Service

#### Repayment of Bonds and Redemption of Short-Term Bills Services

Taiwan Bills Index Rate (TAIBIR)

### Mutual Fund Services

#### Domestic funds

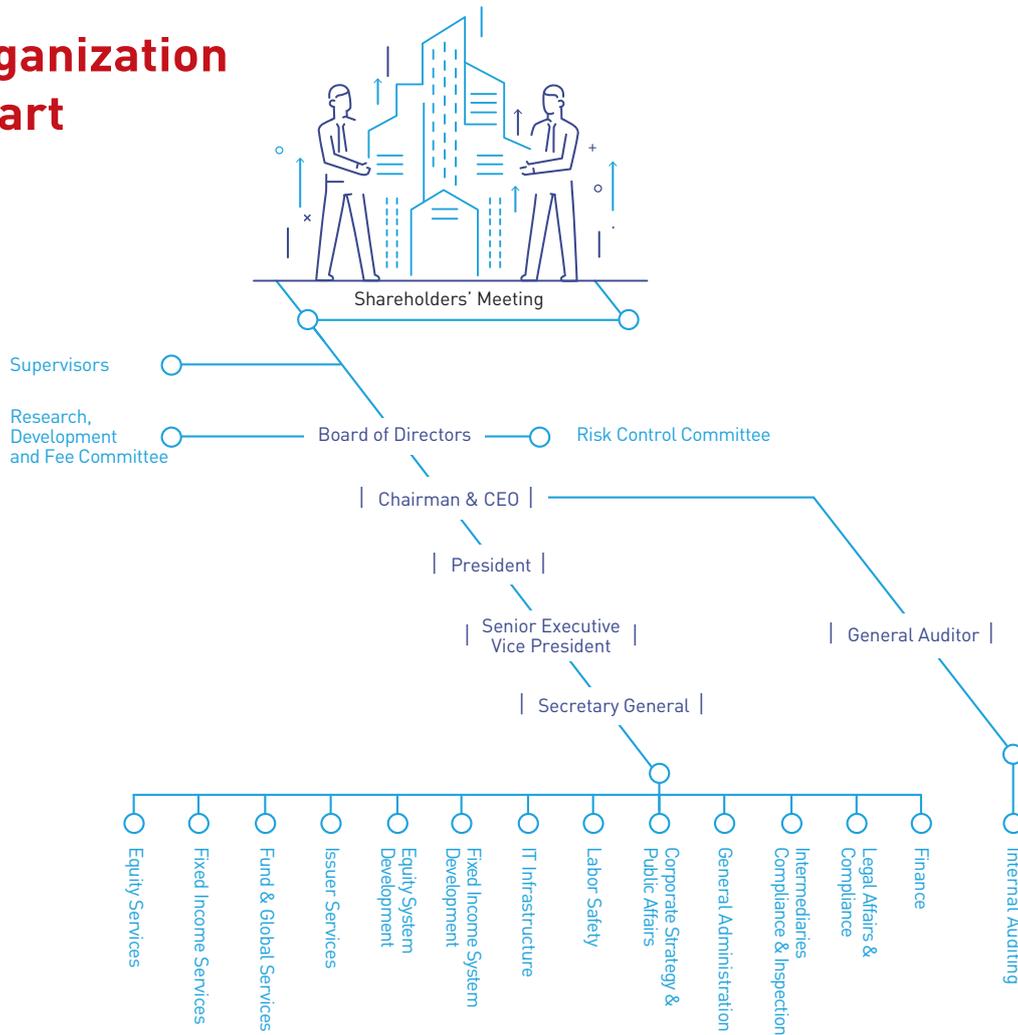
- Reporting and Announcement (Futures Trust Fund)
- Dematerialized Registration
- Virtual Matching Utility (VMU)
- Information Transmission and Cash Payment
- Payment and Settlement of Open Fund Transaction Platform and Book-Entry Transfer

#### Offshore fund

- Declaration and Announcement
- Information Transmission and Cash Payment



• Organization Chart



Title	Name	Title	Name
Chairman & CEO	Sherman Lin	Senior Vice President of Issuer Services	Julie Wang
President	Han-Chiang Chu	Senior Vice President of Equity System Development	Win-Cheng Wang
Senior Executive Vice President	Suh-Yann Tsaur	Senior Vice President of Fixed Income System Development	Fong-Jhong Chen
Senior Executive Vice President	Gloria Ching	Senior Vice President of IT Infrastructure	Li-Jhong Wu
Secretary General	Jane Chang	Senior Vice President of Corporate Strategy & Public Affairs	Susan Huang
General Auditor of Internal Auditing	Olivia Chang	Executive Vice President of General Administration and Labor Safety	Jennifer Chen
Senior Vice President of Equity Services	Eric Hsu	Senior Vice President of Intermediaries Compliance & Inspection	Tzu-Ting Chen
Senior Vice President of Fixed Income Services	Victor Wang	Senior Vice President of Legal Affairs & Compliance	Yuan-Hua Hsiao
Executive Vice President of Fund & Global Services	Kuang-Hui Chen	Vice President of Finance	Szu-Yu Lin

## Supervisors' Report

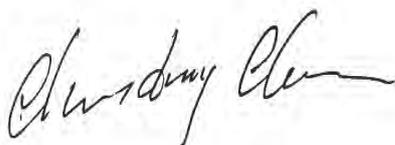
To the 2020 Annual Shareholders' Meeting,  
Taiwan Depository & Clearing Corporation

The Board of directors have compiled and submitted to us for examination the 2019 balance sheets, statements of comprehensive income, statements of changes in equity, statements of cash flows, consolidated financial statements, operations report and proposal for earning distribution for year 2019, etc. The undersigned Supervisors, accompanied by Deloitte & Touche, CPAs have completed our examination and found them correct. This report is hereby prepared in accordance with Article 219 of the Company Act and submitted for your approval.

Taiwan Depository & Clearing Corporation

**Standing Supervis**

*Chun-Hong Chen*

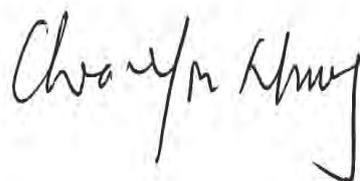


**Supervisors**

*Hank Huang*



*Chia-Yin Hung*



April 29, 2020



## Internal Control Statement

Based on self-assessment, the following declarations are made regarding the Taiwan Depository & Clearing Corporation (hereinafter referred to as TDCC) internal control system for the period from January 1, 2019 to December 31, 2019 .

1. TDCC is fully aware that the establishment, implementation and maintenance of the company's internal control system are the responsibility of the board of directors and of the company's management. TDCC has already established an internal control system. The objective of the system's establishment was to provide a reasonable level of assurance that the company's goals for the efficiency and effectiveness of the company's operations (including profitability, performance and asset protection, etc.), the reliability, timeliness, transparency of its reports and adherence to relevant laws and regulations can be met.
2. Any internal control system has certain pre-ordained limitations. No matter how carefully designed the system may be, even the most effective internal control system can only provide a reasonable level of assurance for the three objectives noted above. In addition, the effectiveness of the internal control system is liable to be affected at changes in the environment and circumstances. However, TDCC's internal control system has a self-monitoring function; as soon as any failing in the system comes to light, the company will immediately take steps to improve it.
3. TDCC has evaluated the result of the design and implementation of the internal control system in accordance with the criteria items from the Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets (hereinafter referred to as "these Regulations"). The criteria items adopted by these Regulations are classified into five components in line with the management control procedures: (1) Control environment; (2) Risk assessment; (3) Control activities; (4) Information and communication; (5) Monitoring activities. Each components in turn contains a number of items. Please refer to these Regulations for details of these items.
4. The above-mentioned internal control criteria items have been used by TDCC to assess the effectiveness of the design and implementation of the internal control system.
5. Based on the results of the assessment, TDCC believes that the design and implementation of the company's internal control system (including Supervision and management over subsidiaries) during the above mentioned period are acceptable in terms of the efficiency and effectiveness of the company's operations, the reliability, timeliness, transparency of its reports and adherence to relevant laws and regulations, and can therefore provide a reasonable degree of assurance for the achievement of the above objectives.
6. Any false, hidden or illegal matters of this Declaration will lead to lawsuit responsibility according to the Article 174 of the Securities Exchange Act.
7. This Declaration was approved by TDCC's Board of Directors on February 19, 2020.

Taiwan Depository & Clearing Corporation

Chairman

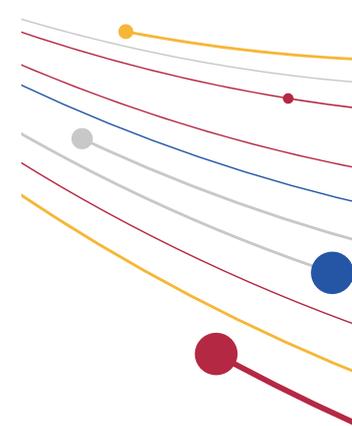
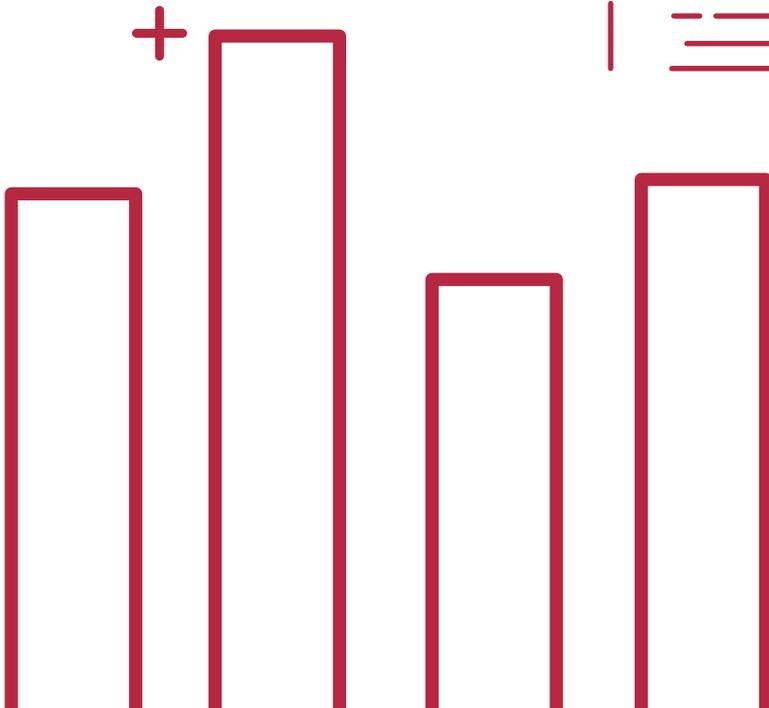
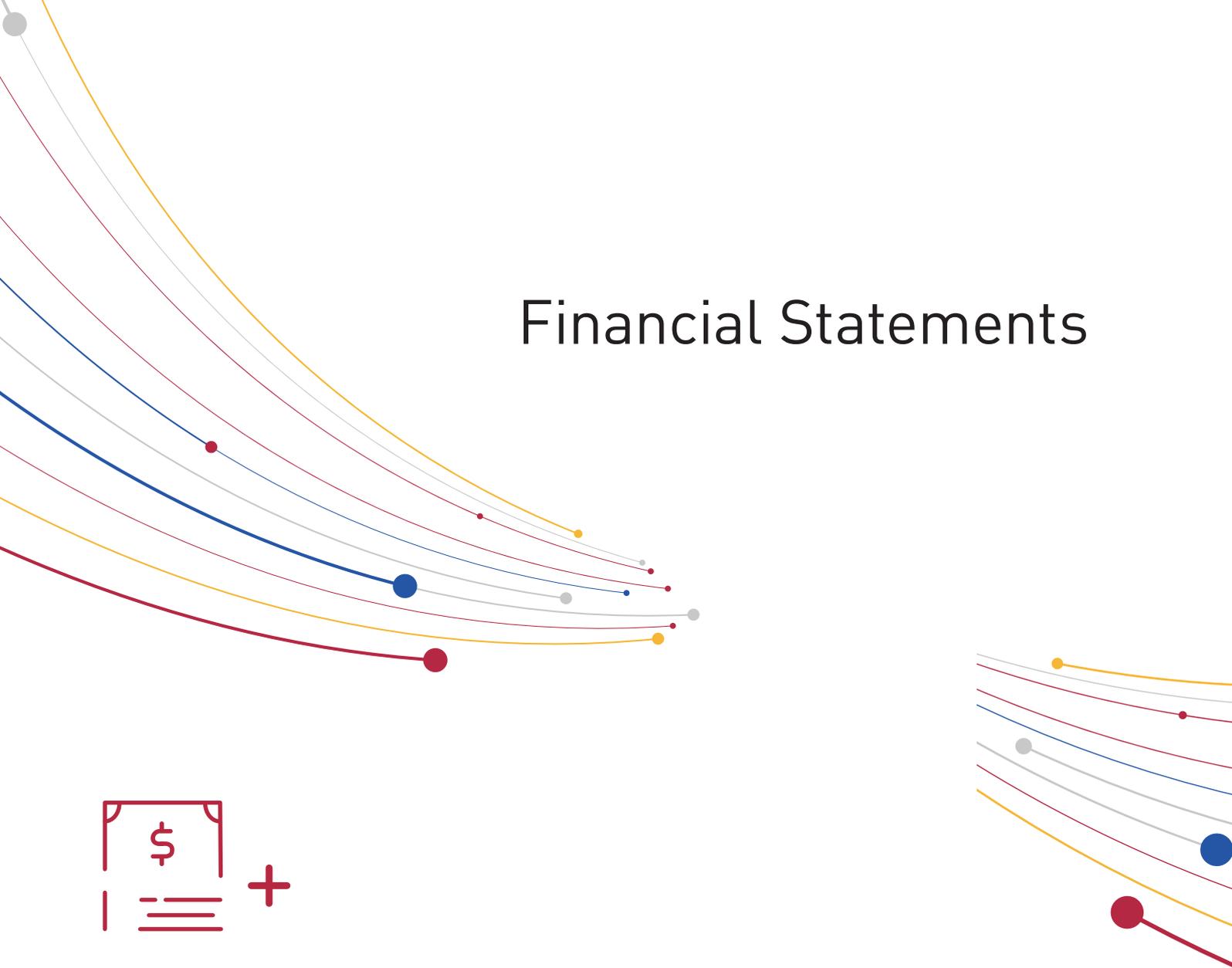
**Sherman Lin**

President

**Han-Chiang Chu**

February 19, 2020

# Financial Statements





## • Independent Auditors' Report

The Board of Directors and Stockholders  
Taiwan Depository & Clearing Corporation

### Opinion

We have audited the accompanying consolidated financial statements of Taiwan Depository & Clearing Corporation (the "Corporation") and subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as of December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Business Entity Accounting Act, Regulation on Business Entity Accounting Handling relevant to preparation of financial statements, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of 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 auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 consolidated financial statements for the year ended December 31, 2019. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The description of each key audit matter of the consolidated financial statements for the year ended December 31, 2019 are as follows:

#### Accuracy of Operating Revenues

The operating revenues of Taiwan Depository & Clearing Corporation and subsidiaries mainly include securities settlement revenue, securities recording revenue, transfer processing services revenue and bills and bonds clearing and custodial services revenue. These revenues are recorded on the books based on the related laws and contracts. In 2019, the Group's principal operating revenues amounted to \$3,231,049 thousand, which is material to the financial statements. We considered the accuracy of operating revenues as key audit matter.



The main audit procedures we performed for operating revenues are listed below:

1. We acquire and understanding of the Group's nature of the industry and evaluate the procedures for internal control in the recording of operating revenues, including understanding of the information environment of the system for the calculating operating revenues.
2. We verify whether the calculation methods with respect to operating revenues complied with the statutory provisions or the related contracts.
3. We recalculate operating revenues and confirmed the accuracy of operating revenues.

#### **Existence and Classification of Bank Deposit**

As stated in Notes 6 and 11, as of December 31, 2019, the Group had cash and cash equivalents of \$3,346,730 thousand, other financial assets (time deposits with original maturities more than three months) of \$5,265,508 thousand, default damage fund of \$2,748,437 thousand, respectively. Because of the significance of the accounts, we considered the existence and classification of the bank deposit as key audit matter.

The main audit procedures we performed for bank deposit are shown below:

1. We obtained an understanding of the cash cycle and tested the operating effectiveness of internal controls.
2. We checked the amounts on bank statements against those in the ledger, and sent a written confirmation request to the bank. If there is any discrepancy, we obtained a bank reconciliation statement and tested the correctness of the reconciliation items.
3. We ascertained whether bank deposits designated for specific purposes or otherwise restricted have been reclassified to the appropriate account.
4. We performed an inventory count of certificates of deposit and checked the results of inventory testing against the ledger.
5. We performed test of large inflows and outflows of cash and verified whether the transactions were related to the Corporation's business. We obtained explanations for large or irregular fluctuation.

#### **Other Matter**

We have also audited the parent company only financial statements of Taiwan Depository & Clearing Corporation as of and for the years ended December 31, 2019 and 2018 on which we have issued an unmodified opinion.

#### **Responsibilities of Management for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Business Entity Accounting Act, Regulation on Business Entity Accounting Handling relevant to preparation of financial statements, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the supervisors, are responsible for overseeing the Group's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 decisions of users taken on the basis of these consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all



relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2019 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Jui-Chan Huang and Cheng-Hung Kuo.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 18, 2020

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TAIWAN DEPOSITORY & CLEARING CORPORATION AND SUBSIDIARIES

**CONSOLIDATED BALANCE SHEETS**

DECEMBER 31, 2019 AND 2018

ASSETS	2019		2018	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 3,346,730	9	\$ 3,160,730	11
Financial assets at fair value through profit or loss - current	3,631,183	9	2,683,108	10
Financial assets at amortized cost - current	1,049,784	3	2,251,554	8
Other financial assets - time deposits with original maturities of more than 3 months	5,265,508	13	4,281,648	15
Notes and accounts receivable, net				
Unrelated parties	311,736	1	265,546	1
Related parties	164,067	-	129,809	-
Current tax assets	-	-	11	-
Other financial assets - other	11,332,433	28	1,722,184	6
Other current assets	88,332	-	82,480	-
Total current assets	<u>25,189,773</u>	<u>63</u>	<u>14,577,070</u>	<u>51</u>
<b>NONCURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - noncurrent	1,928,841	5	1,734,819	6
Financial assets at amortized cost - noncurrent	8,116,187	20	7,859,129	27
Default damage fund	2,748,437	7	2,620,827	9
Investments accounted for using the equity method	88,038	-	86,188	-
Property and equipment	718,363	2	740,394	3
Right-of-use assets	288,585	1	-	-
Investment properties	221,862	-	225,139	1
Intangible assets	308,861	1	277,745	1
Goodwill	237,545	1	237,545	1
Deferred tax assets	14,545	-	11,534	-
Refundable deposits	147,505	-	146,811	1
Operation guarantee deposits	70,000	-	70,000	-
Other noncurrent assets	277	-	277	-
Total noncurrent assets	<u>14,889,046</u>	<u>37</u>	<u>14,010,408</u>	<u>49</u>
<b>TOTAL</b>	<u>\$ 40,078,819</u>	<u>100</u>	<u>\$ 28,587,478</u>	<u>100</u>



(In Thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	2019		2018	
	Amount	%	Amount	%
<b>CURRENT LIABILITIES</b>				
Accrued expenses	\$ 542,113	2	\$ 476,477	2
Lease liabilities - current	89,104	-	-	-
Current tax liabilities	273,211	1	405,204	1
Receipts under custody	11,256,984	28	1,437,645	5
Other current liabilities	84,787	-	74,197	-
Total current liabilities	12,246,199	31	2,393,523	8
<b>NONCURRENT LIABILITIES</b>				
Lease liabilities - non-current	200,113	1	-	-
Deferred tax liabilities	35,673	-	35,103	-
Guarantee deposits	74,054	-	71,750	-
Net defined benefit liabilities	518,341	1	465,535	2
Total noncurrent liabilities	828,181	2	572,388	2
Total liabilities	13,074,380	33	2,965,911	10
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION</b>				
Capital stock	3,796,114	10	3,703,526	13
Capital surplus	478,569	1	478,569	2
Legal reserve	2,851,409	7	2,591,977	9
Special reserve	15,239,194	38	14,294,343	50
Unappropriated earnings	2,580,210	6	2,683,117	9
Other equity - unrealized gain on financial assets at fair value through other comprehensive income	1,787,465	5	1,593,486	6
Total equity attributable to owners of the Corporation	26,732,961	67	25,345,018	89
<b>NON-CONTROLLING INTERESTS</b>	271,478	-	276,549	1
Total equity	27,004,439	67	25,621,567	90
<b>TOTAL</b>	\$ 40,078,819	100	\$ 28,587,478	100

TAIWAN DEPOSITORY & CLEARING CORPORATION AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF  
COMPREHENSIVE INCOME**

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019		2018	
	Amount	%	Amount	%
<b>OPERATING REVENUES</b>				
Securities settlement	\$ 795,478	15	\$ 861,410	16
Securities recording	1,019,143	19	1,105,422	21
Maintenance services	385,268	7	393,823	7
Transfer processing services	414,365	8	519,550	10
Bills and bonds clearing and custodial services	1,416,428	26	1,352,486	25
Futures clearing services	310,626	6	376,267	7
Registration and distribution and electronic voting services	177,722	3	189,129	4
Mutual fund services	487,041	9	275,808	5
Brokerage fee	95,187	2	45,253	1
Others	243,862	5	217,989	4
Total operating revenues	5,345,120	100	5,337,137	100
<b>OPERATING EXPENSES</b>				
Personnel	1,215,635	23	1,135,578	21
General and administrative	1,353,850	25	1,349,108	25
Total operating expenses	2,569,485	48	2,484,686	46
<b>OPERATING INCOME</b>	2,775,635	52	2,852,451	54
<b>NONOPERATING INCOME</b>				
Interest income	212,839	4	217,043	4
Net gain arising on financial assets designated as at FVTPL	28,562	1	12,436	-
Share of profit of subsidiaries and associates accounted for using equity method	16,550	-	15,472	-
Dividend income	78,632	1	74,181	1
Other income	17,876	-	26,843	1
Expected credit loss reversed	212	-	573	-
Other expenses	( 20,219)	-	( 10,146)	-
Total nonoperating income	334,452	6	336,402	6



(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	%	Amount	%
INCOME BEFORE INCOME TAX	\$ 3,110,087	58	\$ 3,188,853	60
INCOME TAX EXPENSE	( 601,082)	( 11)	( 621,443)	( 12)
NET INCOME	2,509,005	47	2,567,410	48
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain on investment in equity instruments at fair value through other comprehensive income	194,022	4	124,535	2
Remeasurement of defined benefit plans	( 23,477)	( 1)	( 6,657)	-
Share of the other comprehensive income of associates and joint ventures accounted for using equity method	( 544)	-	( 1,031)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	100	-	195	-
Other comprehensive income for the year, net of income tax	170,101	3	117,042	2
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$ 2,679,106	50	\$ 2,684,452	50
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 2,514,076	47	\$ 2,594,320	49
Non-controlling interests	( 5,071)	-	( 26,910)	( 1)
	\$ 2,509,005	47	\$ 2,567,410	48
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 2,684,177	50	\$ 2,711,362	51
Non-controlling interests	( 5,071)	-	( 26,910)	( 1)
	\$ 2,679,106	50	\$ 2,684,452	50
EARNINGS PER SHARE				
Basic earnings per share	\$ 6.62		\$ 6.83	

## • Independent Auditors' Report

The Board of Directors and Stockholders  
Taiwan Depository & Clearing Corporation

### Opinion

We have audited the accompanying financial statements of Taiwan Depository & Clearing Corporation (the "Corporation"), which comprise the balance sheets as of December 31, 2019 and 2018, and the 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 Corporation as of December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with the Business Entity Accounting Act, Regulation on Business Entity Accounting Handling relevant to preparation of financial statements, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of 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 auditing standards generally accepted 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 Corporation in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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, 2019. These matters were 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.

The description of each key audit matters of the financial statements for the year ended December 31, 2019 are as follows:

#### Accuracy of Operating Revenues

The operating revenues of Taiwan Depository & Clearing Corporation mainly include securities settlement revenue, securities recording revenue, transfer processing services revenue and bills and bonds clearing and custodial services revenue. These revenues are recorded on the books based on the related laws and contracts. In 2019, the Corporation's principal operating revenues amounted to \$3,231,049 thousand, which is material to the financial statements. We considered the accuracy of operating revenues as key audit matter.



The main audit procedures we performed for operating revenues are listed below:

1. We evaluate the procedures for internal control in the recording of operating revenues, including understanding of the information environment of the system for the calculating operating revenues.
2. We verify whether the calculation methods with respect to operating revenues complied with the statutory provisions or the related contracts.
3. We recalculate operating revenues and confirmed the accuracy of operating revenues.

#### **Existence and Classification of Bank Deposit**

As stated in Notes 6 and 11, as of December 31, 2019, the Corporation had cash and cash equivalents of \$3,289,045 thousand, other financial assets (time deposits with original maturities more than three months) of \$4,845,508 thousand, and default damage fund of \$2,748,437 thousand. Because of the significance of the accounts, we considered the existence and classification of the bank deposits as key audit matter.

The main audit procedures we performed for bank deposits are listed below:

1. We obtained an understanding of the cash cycle and tested the operating effectiveness of internal controls.
2. We checked the amounts on bank statements against those in the ledger, and sent a written confirmation request to the bank. If there is any discrepancy, we obtained a bank reconciliation statement and tested the correctness of the reconciliation items.
3. We ascertained whether bank deposits designated for specific purposes or otherwise restricted have been reclassified to the appropriate account.
4. We performed an inventory count of certificates of deposit and checked the results of inventory testing against the ledger.
5. We performed test of large inflows and outflows of cash and verified whether the transactions were related to the Corporation's business. We obtained explanations for large or irregular fluctuation.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Business Entity Accounting Act, Regulation on Business Entity Accounting Handling relevant to preparation of financial statements, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of 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 Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the supervisors, are responsible for overseeing the Corporation's financial reporting process.

## Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives 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 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 decisions of users taken on the basis of these financial statements.

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

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 Corporation's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation'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 conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation 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 entities or business activities within the Corporation 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2019 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Jui-Chan Huang and Cheng-Hung Kuo.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 18, 2020

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TAIWAN DEPOSITORY & CLEARING CORPORATION

**BALANCE SHEETS**

DECEMBER 31, 2019 AND 2018

ASSETS	2019		2018	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 3,289,045	8	\$ 3,088,122	11
Financial assets at fair value through profit or loss - current	3,631,183	9	2,683,108	10
Financial assets at amortized cost - current	1,049,784	3	2,251,554	8
Other financial assets - time deposits with original maturities of more than 3 months	4,845,508	12	3,842,248	14
Notes and accounts receivable, net				
Unrelated parties	272,710	1	244,955	1
Related parties	164,482	-	129,809	-
Other financial assets - other	11,332,228	29	1,721,982	6
Other current assets	66,630	-	62,297	-
Total current assets	24,651,570	62	14,024,075	50
<b>NONCURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - noncurrent	1,928,841	5	1,734,819	6
Financial assets at amortized cost - noncurrent	8,116,187	20	7,859,129	28
Default damage fund	2,748,437	7	2,620,827	9
Investments accounted for using the equity method	442,679	1	447,453	1
Property and equipment	713,627	2	733,453	3
Right-of-use assets	279,822	1	-	-
Investment properties	221,862	-	225,139	1
Intangible assets	289,819	1	263,778	1
Goodwill	237,545	1	237,545	1
Deferred tax assets	14,545	-	11,534	-
Refundable deposits	144,923	-	144,230	-
Other noncurrent assets	277	-	277	-
Total noncurrent assets	15,138,564	38	14,278,184	50
<b>TOTAL</b>	<b>\$ 39,790,134</b>	<b>100</b>	<b>\$ 28,302,259</b>	<b>100</b>



(In Thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	2019		2018	
	Amount	%	Amount	%
<b>CURRENT LIABILITIES</b>				
Accrued expenses	\$ 536,082	2	\$ 469,448	2
Lease liabilities - current	84,769	-	-	-
Current tax liabilities	273,211	1	405,204	1
Receipts under custody	11,256,984	28	1,437,645	5
Other current liabilities	84,050	-	73,376	-
Total current liabilities	12,235,096	31	2,385,673	8
<b>NONCURRENT LIABILITIES</b>				
Lease liabilities - noncurrent	195,489	1	-	-
Deferred tax liabilities	35,673	-	35,103	-
Guarantee deposits	72,574	-	70,930	-
Net defined benefit liabilities	518,341	1	465,535	2
Total noncurrent liabilities	822,077	2	571,568	2
Total liabilities	13,057,173	33	2,957,241	10
<b>EQUITY</b>				
Capital stock	3,796,114	10	3,703,526	13
Capital surplus	478,569	1	478,569	2
Legal reserve	2,851,409	7	2,591,977	9
Special reserve	15,239,194	38	14,294,343	51
Unappropriated earnings	2,580,210	6	2,683,117	9
Other equity - unrealized gain on financial assets at fair value through other comprehensive income	1,787,465	5	1,593,486	6
Total equity	26,732,961	67	25,345,018	90
TOTAL	\$ 39,790,134	100	\$ 28,302,259	100

TAIWAN DEPOSITORY & CLEARING CORPORATION  
**STATEMENTS OF COMPREHENSIVE INCOME**

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019		2018	
	Amount	%	Amount	%
<b>OPERATING REVENUES</b>				
Securities settlement	\$ 795,478	15	\$ 861,410	16
Securities recording	1,019,143	20	1,105,422	21
Maintenance services	385,268	7	393,823	7
Transfer processing services	414,365	8	519,550	10
Bills and bonds clearing and custodial services	1,416,428	27	1,352,486	26
Futures clearing services	310,626	6	376,267	7
Registration and distribution and electronic voting services	177,722	3	189,129	4
Mutual fund services	524,894	10	302,696	6
Others	192,205	4	173,561	3
Total operating revenues	5,236,129	100	5,274,344	100
<b>OPERATING EXPENSES</b>				
Personnel	1,146,796	22	1,065,125	20
General and administrative	1,297,202	25	1,294,542	25
Total operating expenses	2,443,998	47	2,359,667	45
<b>OPERATING INCOME</b>	<b>2,792,131</b>	<b>53</b>	<b>2,914,677</b>	<b>55</b>
<b>NONOPERATING INCOME</b>				
Interest income	207,681	4	212,271	4
Net gain arising on financial assets designated as at FVTPL	28,540	1	12,421	-
Share of profit of subsidiaries and associates accounted for using equity method	9,926	-	(14,877)	-
Dividend income	78,632	1	74,181	1
Other income	17,876	-	26,663	1
Expected credit loss reversed	212	-	573	-
Other expenses	(19,840)	-	(10,146)	-
Total nonoperating income	323,027	6	301,086	6



(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

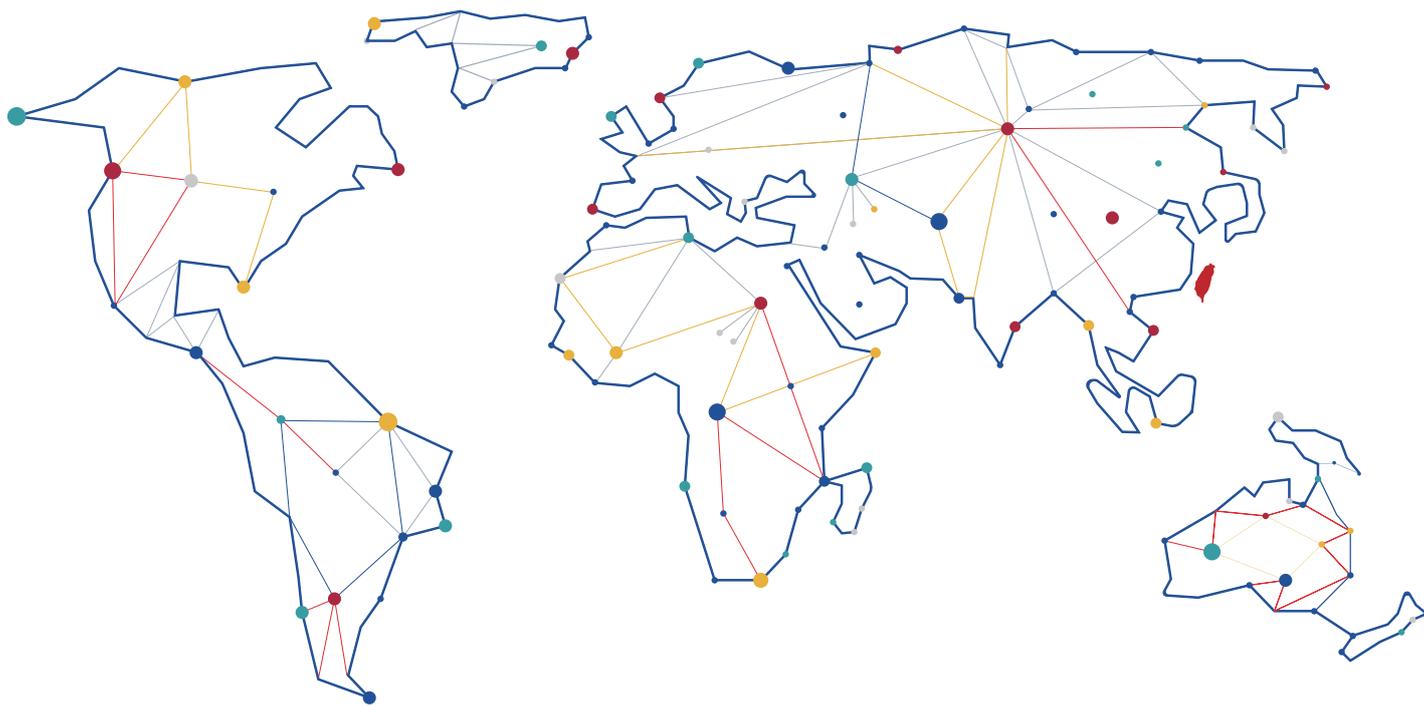
	2019		2018	
	Amount	%	Amount	%
INCOME BEFORE INCOME TAX	\$ 3,115,158	59	\$ 3,215,763	61
INCOME TAX EXPENSE	( 601,082)	( 11)	( 621,443)	( 12)
NET INCOME	2,514,076	48	2,594,320	49
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain on investment in equity instruments at fair value through other comprehensive income	194,022	4	124,535	2
Remeasurement of defined benefit plans	( 23,477)	( 1)	( 6,657)	-
Share of the other comprehensive income of subsidiaries and associates accounted for using equity method	( 544)	-	( 1,031)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	100	-	195	-
Other comprehensive income for the year, net of income tax	170,101	3	117,042	2
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$ 2,684,177	51	\$ 2,711,362	51
EARNINGS PER SHARE				
Basic earnings per share	\$ 6.62		\$ 6.83	

TAIWAN DEPOSITORY & CLEARING CORPORATION  
**SCHEDULE FOR APPROPRIATION OF EARNINGS**

FOR YEAR 2019

(In New Taiwan Dollars)

	<b>Amount</b>	<b>Amount</b>
Earnings, beginning of year		\$ 90,011,554
After-tax net income in 2019	\$ 2,514,076,453	
Less :		
Remeasurement of defined benefit plans	{ 23,477,071}	
Investments accounted for using the equity method	{ 400,758}	
The total amount of after-tax net income for the period and other items adjusted to the current year's undistributed earnings other than after-tax net income for the period		2,490,198,624
Reserved items :		
Legal reserve ( 10% )	{ 249,019,862}	
Special reserve ( 33.81% )	{ 841,936,155}	{ 1,090,956,017}
Earnings available to appropriation in 2019		1,489,254,161
Appropriation of earnings :		
Stockholder's cash dividends ( NT\$3.50 per share )	{ 1,328,639,970}	
Stockholder's stock dividends ( NT\$0.25 per share )	{ 94,902,860}	{ 1,423,542,830}
Unappropriated retained earnings at end of 2019		\$ 65,711,331





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11F, 363, Fushin N. Rd, Taipei, Taiwan, R.O.C.

TEL : 886-2-2719-5805

TAX : 886-2-2719-5403

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