

Stock Code: 6023



Yuanta Futures Co., Ltd.

2021 Annual Report

Date published: January 31, 2022

**Inquiry of annual reports available at: <http://mops.twse.com.tw/mops/web/index>
(Market Observation Post System)**

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II. Address and telephone number of the Head Office and branches:

Company name	Address	TEL
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IV. Auditor and auditor's firm of the latest audited financial report

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V. Name of overseas exchange where securities are listed, and the methods for inquiring the foreign-listed securities: None.

VI. Company website: <http://www.yuanta futures.com.tw/>

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One. Report to Shareholders

I. Market Overview

The prevalence of the COVID-19 pandemic had continued to impact the financial market in 2021. The global market turmoil was on a surge continuously. The market was with an eye on the pandemic and economic relief plan, the lack of workers and materials in the supply chain, China's economic imbalance, green energy, the U.S.A. debt ceiling, inflation, and balance sheets reduction. Traders face more variables and that causes the volatility of various instruments in the futures market intensified. The global futures and option market had been active with a trading volume of futures and options reached NT\$56.44 billion in 2021, representing an increase of 33.8% from the year before.

In terms of the global options trading, the COVID-19 pandemic came along with uncertainties and severe market fluctuation. According to the statistics of the USA Futures Industry Association (FIA) till November, in terms of instruments, the top three instruments traded were stock price indexes (44.2%), individual stocks (22.2%), and exchange rate (8.8%). The global demand for derivatives and hedging increased relatively due to the growth in the trading volume of stock market in most economies in the world. The trading volume of index futures and options increased by 47.7%, the trading volume of individual futures and options increased by 42.7%, and exchange rate futures increased by 21.8% from the year before, mainly due to the unsynchronized monetary policies of the central banks in the world, the strong USD currency, and the weak non-U.S. currency. Take the regional market for example, the transaction volume in 2021 grew record high by 51.7% from the year before in the Asia-Pacific region.

In terms of the domestic market, TSEE weighted index (TAIEX) reached a record high in 2021, so was the trading volume of the futures. The total trading volume of the Taiwan futures market reached 392 million lots, representing an increase of 15% from the 341 million lots in the year before. However, the transaction volume of the WTXP& was 75.99 million lots, down by 11% from the 85.4 million lots in the year before. FITX, FIMTX, stocks and futures, and TXO were the most popular instruments traded in 2021, of which, the trade of FIMTX reached 71.79 million lots in 2021, which was a substantial growth of 20% from 2020. The trade of stocks and futures were 75.73 million lots, which was a growth of 183% from the year before, a growth by two-fold. The ratio of natural person to legal person in the trade of futures was close to 1:1. The trade ratio of foreign investors grew conspicuously with a record of 20%, 26%, and 31.5% achieved in the last 3 years, respectively. In terms of the futures accountholders, a total of 65,000 accountholders opened in 2021, of which, the annual increase of accountholders in the age group of 20–30 years old was 28%.

The world remained in a cycle of interest rate reduction in 2021. The interest income of margin of the futures industry was affected significantly due to the low interest rate in market. The management team of Yuanta Futures strives to improve the profitability momentum of the brokerage business continuously. In terms of financial performance, the annual operating income increased by NT\$60.78 million from the year of 2020. The net income amounted to NT\$860 million in 2021, accounted for 29% market share, ranking the first among 14 futures commission merchants; moreover, the EPS (after tax) was NT\$2.97 and the ROE (after tax) was 7.11%. In terms of business performance, the market share of futures brokerage was 23.36%, the market share of option brokerage was 18.42%, and the market share of foreign futures was 26.39%.

The Company while facing the unpredictable financial environment had held a rigorous risk control attitude to respond prudently in 2021. The Company also continued to integrate the department of legal compliance, risk management, information,

settlement, audit, etc., so as to establish a profound line of defense across departments, comprehensively enhance the Company's internal policies and risk control measures, and also refine the responsible personnel's awareness and culture of risk control, money laundering prevention, and countering the financing of terrorism in order to effectively substantiate the goals of customer risk management and stable operation.

II. Corporate governance

- (I) Participated in the "Corporate Governance Evaluation" held by the Taiwan Stock Exchange (TWSE) and Taipei Exchange (TPEX) and the Company had been ranked in the top-5% of the listed companies for 7 consecutive years. It was indeed a true recognition on the Company's continuing commitment to protect the rights of shareholders and the pursuit of sustainable development of the Company based on the principle of ethical corporate management.
- (II) After April 2012, the Board of Directors had the "Audit Committee" setup to replace the functions of supervisors, to supervise the Company's financial operations, internal control, regulatory compliance, and risk control for emphasizing an open and transparent management philosophy. The Audit Committee had convened 17 meetings in 2021.
- (III) The Company for the purpose of substantiating the "principle of treating client fairly" had the "Fair Hospitality Committee Organizational and Operational Enforcement Rules" completed and the Committee formed on October 4, 2019 with the general manager appointed as the commissioner and an operational unit appointed to organize and manage. The Company convenes the Fair Hospitality Committee meeting on a quarterly basis to regularly review the plan execution and results of the principle of treating client fairly in each department in order to establish a horizontal communication channel for each department to promote and implement the principle of treating client fairly, and also report the performance of the said principle to the board of directors for discussion on a quarterly basis. The board of directors is to supervise the Company's policy on the principle of treating client fairly, to optimize various acts of fair hospitality, and to reinforce the protection of consumers' rights and interests.

III. Operating results

In 2021, the Company continued intensifying a variety of business management, including the efforts to boost the profitability of the shareholders' equity, put into implementation thoroughly risk management, implement the targets of proprietary dealing and brokerage businesses which have been embodied through various business targets below:

- (I) In terms of financial performance, the Company's net income was NT\$860 million, the highest of the futures brokerage; also, the net EPS was NT\$2.97 and ROE after tax was 7.11%.
- (II) In terms of business performance, the market share of futures brokerage was 23.36% with 90.87 million lots traded, the market share of option brokerage was 18.42% with 72.84 million lots traded, and the market share of foreign futures was 26.39% with 9.84 million lots traded.
- (III) Credits and honors: As a leading futures brand in Taiwan, apart from providing investors with the best platform service for futures transaction through transparent operations and scrupulous governance and internal control, taking into account R & D capabilities and innovation, we adhere to our core value to become a

benchmarking brand in Asia-Pacific's financial market.

Credits and honors in 2021:

1. Received a long-term credit rating of "AA-(tw)" from Fitch Ratings and a prospect of "stable."
2. Awarded with the honor of the 7th corporate governance "OTC company top five-percent performance."
3. No. 1 in futures companies amongst the Top 5000 large corporations in Taiwan.
4. Ranked 4th place in the Little Giant List of the "Excellence in Corporate Social Responsibility Award" – the one and only futures merchant on the list.
5. Awarded with the "Best Brokerage House of the year" by The Asset magazine.
6. The Asset Magazine awarded the "ESG Corporate Awards Platinum Medal."
7. Awarded with first place in the category of futures commission merchant trade volume of the 7th "Futures Diamond Award" held by Taiwan Futures Exchange.
8. Awarded with the "Outstanding Talent Cultivation Award" and "Futures Outstanding Talent Award" in the 16th Golden Goblet Award of the Securities and Futures Institute.
9. Awarded with the TCSA Taiwan Sustainability Award "Innovative Growth Leader Award" and "Sustainability Report – Silver Award."

(IV) The Company's 2021 income and expense and profitability analysis as follows:

(Unit NTD thousand)

Item	2021	2020	Difference	Variation
Operating gains	3,888,691	3,877,625	11,066	0.29%
Earnings before tax	1,048,960	1,325,580	-276,620	-20.87%
Current period net profit	860,282	1,070,099	-209,817	-19.61%
Net worth (NT\$100mn)	123.5	118.59	4.91	4.14%
After-tax EPS (NTD)	2.97	4.23	-1.26	-29.79%
Return on shareholders' equity	7.11%	10.33%	-3.22%	-31.17%

IV. Research and development

The Company's Research Department continues to refine the research report, improve the readability and diversity of the report, and expand social media channel to provide traders with real-time research information in the form of community posts, video and audio. The Research Department strives to have futures and industrial trends integrated for the service of corporate customers, as well as customized industry and corporate project briefings, provided strategic hedging and forward-looking analysis, etc., so as to have futures services extended to industry and corporate physical economy

services.

The Company for the purpose of providing customers with a stable and excellent trading environment completed the core accounting system and hardware equipment upgrade in 2021, as well as enhancing more application services and increasing the system loading capacity. Moreover, the Information Department and the Digital Finance Department had worked together to develop an innovative trading system, optimize the e-trading platform, and provide customers with more convenient and fast ordering functions. Simultaneously and comprehensively enhance the Company's information security and personal information protection mechanism to protect customers' trading rights and interests.

V. Future operating plans and development strategies

In prospect of 2022, the Company will base on the main business strategy of “sustainable optimization, cross-border innovation” to review the overall operating procedures and to set short-term, mid-term, and long-term goals for the brokerage business, digital finance development, overseas business deployment, and other aspects, and to optimize various performance indexes. Massive resources are invested in system replacement, optimizing the trading platform, developing the subscription economy, enhancing the information security protection system, and cultivating customer service and experience in-depth so as to provide traders with a more convenient, stable, and safe trading environment. In terms of international business development, the mission is to have business in Asia-Pacific region integrated through a cross-border and cross-industry operation, develop overseas business bases, expand business territory, stabilize core business, and strive to become a large international futures commission merchant. At the same time, the Company values the importance of ESG realization. The Company while striving to maximize profits continuously refines the improvement and implementation in environmental sustainability, social commitment, corporate governance, and other relevant aspects in order to create an internal ESG ecosystem, enhance corporate value, and substantiate sustainable development.

In 2022, the operating plans of Yuanta Futures are highlighted below:

- (I) Adjust the brokerage channel structure; increase the market share and gross profit of domestic and foreign options.
- (II) Generate multiple sources of income; develop corporate brokerage business and new leveraged businesses.
- (III) Adjust the structure of the proprietary trading team and optimize trading strategies.
- (IV) Refine digital financial services; exercise the value of digital channels.
- (V) Promote ESG action goals; substantiate sustainable business operations.

We wish you all shareholders
good health and prosperity in the future

Yuanta Futures Co., Ltd.

Chairman: Tien-Fu Lin

Vice Chairman: Hsiao-Ling Chou

President: Kuo-Tsun Hsu

Two. Company Profile

I. Date of establishment: 9 April 1997.

II. Address and telephone number of the Head Office and branches:

Name	Address	TEL
Head Office	2F. (Part), 3F, 4F, 5F, No. 77, Sec. 2, Nanjing E. Rd., Zhongshan Dist., Taipei City	(02)2717-6000
Hsinchu Branch	B1-1, No. 373, Sec. 1, Guangfu Rd., Hsinchu City	(03)666-2558
Taichung Branch	4F.-1, No. 8, Sec. 2, Ziyu Rd., Central Dist., Taichung City	(04)3703-3368
Tainan Branch	4F., No. 165, Sec. 1, Minsheng Rd., West Central Dist., Tainan City	(06)235-5999
Kaohsiung Branch	7F.-1, No. 143, Zhongzheng 4th Rd., Qianjin Dist., Kaohsiung City	(07)215-7777

III. Company history

Year	Major events:
1997	<ul style="list-style-type: none"> • The establishment of Polaris Futures Brokerage Co., Ltd. began its preparation in March. • The incorporation of Polaris Futures Brokerage Co., Ltd., was approved in April with a capital stock of NT\$200,000,000 authorized. • The company commenced business in July, and engaged mainly in futures brokerage.
1998	<ul style="list-style-type: none"> • Completed a cash issue totaling NT\$300,000,000 in February; share capital increased to NT\$500,000,000. • Completed a cash issue totaling NT\$100,000,000 in May; share capital increased to NT\$600,000,000. • With the approval of the Securities and Futures Commission, Ministry of Finance, on 28 September, the company changed its name to Polaris Futures Co., Ltd. and engaged in proprietary futures trading. • The Company created its proprietary futures trading department created in December, and was the first to do so among in the futures industry.
1999	<ul style="list-style-type: none"> • Completed a cash issue totaling NT\$15,000,000 in July; share capital increased to NT\$615,000,000. • In July, The Company became the first in the business to organize a futures trading competition; it led to a wave of creative marketing based on this campaign. • Kaohsiung Branch was established in August. • In October, became the first to be granted the permission for online futures trading.

Year	Major events:
2000	<ul style="list-style-type: none"> Completed a cash issue totaling NT\$15,000,000 in August; share capital increased to NT\$630,000,000. Taichung Branch was established in September.
2001	<ul style="list-style-type: none"> In December, became one of the first market-makers of TAIFEX options.
2002	<ul style="list-style-type: none"> In October, The Company introduced its online options trading platform. In November, The Company was approved by the Securities and Futures Commission, Ministry of Finance, to engage in futures consultation services.
2003	<ul style="list-style-type: none"> In January, The Company introduced an advanced version of its online options trading platform. In January, became one of the first market-makers of stock options. In March, The Company introduced its "F.O.U.R System", an integrated trading platform for stocks, futures, and options customized for institutional investors. It offered advanced functions such as portfolio returns tracking. In September, Polaris Futures merged with REFCO Taiwan Co., Ltd., a member of the world's largest futures merchant - REFCO Group, and changed its name to Polaris Refco Futures Co., Ltd. In September, The Company made a cash issue for the merger totaling NT\$465,800,000. Its paid-up capital was raised to NT\$1,095,800,000. In November, The Company reduced its share capital by NT\$450,800,000 to NT\$645,000,000.
2004	<ul style="list-style-type: none"> In January, The Company launched its "Gold Trading Platform" where investors can trade gold futures over Chicago Board of Trade (CBOT) using fully localized interface. In June, The Company launched an "Oil Trading Platform" in joint effort with "Nihon Unicom Corporation", one of Japan's top three futures merchants. It was the first cross-border oil futures trading platform in the country. In September, The Company was granted the role of market-maker for CBOT's mini-sized gold futures in Asia, and became the nation's first market-maker for CBOT products. In October, The Company was approved by the Securities and Futures Bureau, Financial Supervisory Commission, to register in the Emerging Stock Market; on 27 October, it became the first futures merchant in the nation to be listed on the Emerging Stock Market (securities code: 6023).
2005	<ul style="list-style-type: none"> In May, The Company introduced its "BT Trade System" which incorporated the advanced technologies of Daishin Securities (Korea). The trade system offers advanced functionalities such as program

Year	Major events:
	<p>trading, arbitrage modeling etc.</p> <ul style="list-style-type: none"> ● In July, The Company launched its 4-in-1 AP software - "Super TWEWinner". It was the first AP software that integrates stock, futures, options, and offshore futures all into one package. ● In July, The Company capitalized NT\$77,400,000 of its earnings, which increased share capital to NT\$722,400,000. ● In December, The Company was approved by the competent authority to undertake the role of market-maker for CBOT's 100 Ounce Gold Futures.
2006	<ul style="list-style-type: none"> ● In February, The Company signed an agreement with Man Financial Inc. (Singapore), a member of UK's MF Global Group, and agreed to changed its name to Polaris Futures Co., Ltd. MF Global is a public listed company in London Stock Exchange, and comprises part of the FTSE 100 Index. ● In March, The Company organized a "Winners' Club" in an attempt to secure wining customers and invite winning traders throughout the market into sharing their winning experiences and secrets. ● In March, The Company was granted the role of market-maker for gold futures listed on Taiwan Futures Exchange, MSCI Taiwan Index Futures, and MSCI Taiwan Index Options. ● The Tainan Branch was established in March. ● The Company held its 2nd "Polaris Winner Competition" in April. ● The change of company name to Polaris Futures Co., Ltd. was approved by the competent authority in April. ● The "Winners' Blog" was officially opened in July. ● Published the new book - "Winners' Diary" in August. ● In August, The Company capitalized NT\$79,464,000 of its earnings, which increased share capital to NT\$801,864,000. ● In August, The Company organized a seminar on "Investments Recommended by the World's Visionaries". Many of the world's renowned visionaries were invited to the seminar, and forecast a decade-long uprise of agricultural prices. In light of this trend, The Company introduced a trading platform customized for the trading of agricultural commodities (including: CBOT wheat, corn, soy bean and NYBOT coffee, cotton, and sugar). ● The Company held a "Winners' Club" event in November.
2007	<ul style="list-style-type: none"> ● The “Multiple Winner” was held in March to have the “King of Precision” and “King of Multiple” elected. ● OTC listing application was authorized in March. ● In April, The Company was selected "2006 Taiwan Large Corporation Top 5000", and ranked first in the futures industry. ● The Company held its 3th "Polaris Winner Competition" in April. ● Published the new book - "Winners' Diary II" in May.

Year	Major events:
	<ul style="list-style-type: none"> ● OTC listing application was filed in May, becoming the first futures commission merchant to file for OTC listing in Taiwan. ● In June, The Company launched its offshore options trading platform ahead of all industry participants. ● The Company's GTSM listing application was passed in July by the Review Board of GreTai Securities Market. ● The Company's GTSM listing application was passed in August by the Board of Directors of GreTai Securities Market. ● In September, the Company capitalized NT\$149,146,710 of its earnings and paid employees' bonuses totaling NT\$23,815,090 in shares, which increased share capital to NT\$974,825,800. ● The Company held a series of seminars on the "Polaris Winner Competition" in September. ● The Company held a "Global Currency and Energy Investment Seminar" in October. ● In October, The Company was granted the role of market-maker for the "10-year Government Bond Futures", "30-Day Commercial Paper Interest Rate Futures", "Taiwan Stock Exchange NonFinance NonElectronics Sub-Index", "Taiwan Stock Exchange NonFinance NonElectronics Sub-IndexOptions", "GreTai Securities Market Capitalization Weighted Stock Index", and "GreTai Securities Market Capitalization Weighted Stock IndexOptions" listed on Taiwan Futures Exchange. ● In October, The Company made a cash issue totaling 12,190 thousand shares at a face value of \$10, which increased share capital to NT\$1,096,725,800. ● OTC listing was authorized by GreTai Securities Market in November with the Securities code: 6023 assigned, becoming the first futures commission merchant for OTC listing in Taiwan.
2008	<ul style="list-style-type: none"> ● In January, The Company was granted the role of Market Maker for TAIEX NT Dollar Gold Futures. ● In April, The Company organized an "Asian Market Investment Conference" in joint effort with Singapore Stock Exchange, the first in Asia Pacific to introduce both securities and derivatives, and MSCI Barra, the global index provider. During the conference, one of the world's top ten technical analyst - Daryl Guppy was invited to share his investment experiences. ● In April, The Company was selected "2007 Taiwan Large Corporation Top 5000", and ranked second only to Taiwan Futures Exchange Corporation in the futures industry. ● In April, the Board of Directors passed the proposal to invest in futures trust services. ● The annual general meeting held in June passed the creation of a "Futures Management" segment. The Securities and Futures Bureau granted the business license later on 23 October, and the segment soon

Year	Major events:
	<p>commenced business on 11 November.</p> <ul style="list-style-type: none"> ● In July, the Company capitalized NT\$188,636,840 of its earnings and paid employees' bonuses totaling NT\$27,400,240 in shares, which increased share capital to NT\$1,312,762,880. ● In July, The Company was selected "2008 Taiwan Large Corporation Top 5000", and ranked first in the futures industry. ● The Hsinchu Branch was established in August. ● In August, The Company joined Bank of Taiwan in the organization of Gold Seminars. ● In October, The Company launched its "Euro-platform" ahead of competitors. It offers online trading of Europe's three major index futures and gives investors an easy access to the European futures market. ● In December, The Company was reviewed by Taiwan Corporate Governance Association and was awarded its "CG6004 Corporate Governance Certification" on during the ceremony held on December 17, making it the first futures company to receive such certification. ● In December, The Company submitted an application to Taiwan Futures Exchange for the role of market-make in gold options. Its role as a "TAIFEX Gold Options Market Maker" was officially approved on 19 January 2009. ● In December, The Company held a series of seminars on "Global Economic Prospects under the Financial Crisis".
2009	<ul style="list-style-type: none"> ● In March, The Company was accredited by Taiwan Futures Exchange Corporation as 2008 Top Volume Futures Commission Merchant. ● In May, the Company joined CME Group to organized the event - "Futures USA". ● In May, The Company joined MF Global in creating a joint venture named MF Global Futures Trust Co., Ltd. The joint venture commenced business on May 8, 2009 to become the first futures trust company in Taiwan. ● In June, The Company joined Polaris Securities / Wealth Invest Weekly in organizing a "2009 2nd Half Investment Prospect Seminar". ● In June, GreTai Securities Market approved the margin trading of The Company's shares (coded: 6023), effective since 9 June 2009. ● The 24hr Global Trading Center was created in July. ● In July, The Company was selected by China Credit Information Service Ltd. as "2009 Taiwan Large Corporation TOP 5000", and ranked first in the futures industry. ● In August, The Company was selected by China Credit Information Service Ltd. as "2009 Taiwan Large Corporation TOP 5000", and ranked first in terms of net revenues among futures commission merchants. ● In August, The Company held the first "Offshore Futures Forum" in

Year	Major events:
	<p>Taiwan.</p> <ul style="list-style-type: none"> ● In December, the Board of Directors agreed to commission Pricewaterhouse Coopers as financial consultants to assist The Company in searching viable targets in China, through which The Company may broaden the reach and depth of its services by way of investment or other cooperative arrangements.
2010	<ul style="list-style-type: none"> ● In June, The Company signed a letter of intent with Everbright Futures; both parties agreed to cooperate on business development by investing a 20% interest in each other. ● In June, The Company joined Business Next Magazine in organizing the forum - "Searching for the Next Sorros", in an attempt to attract IT talents into the financial industry. ● In June, The Company joined Polaris Securities and Marbo Weekly in organizing 4 large-scale seminars on "2010 Investment Prospects". ● In July, The Company was granted the permission to engage in proprietary securities trading. ● In July, the investee - MF Global Futures Trust Co., Ltd. was approved by the Financial Supervisory Commission to offer its "MF Global Multi-Strategy Futures Trust Fund". The offering commenced in August and the fund was officially set up on September 2. ● In August, The Company was granted the permission to engage in securities introducing brokerage. ● In August, The Company joined The Children Charity Association, R.O.C. in organizing a charity campaign - "Marching Hand-in-Hand"; this was The Company's attempt to put its influences into good cause. ● In September, The Company became a trading member of EUREX. ● In November, the Financial Supervisory Commission passed The Company's application to create a Hong Kong subsidiary. The Hong Kong subsidiary was registered later on 2 December. ● In December, The Company entered an industry-academia collaborative arrangement with Feng Chia University in an attempt to nurture financial talents for the future.
2011	<ul style="list-style-type: none"> ● In January, The Company joined MoneyWeekly Magazine in organizing 5 investment seminars on "2011 Global Capital Movements". ● In March, The Company was granted the role of Market Maker for Stock Index Futures. ● In March, the Company's "Consultative co-operation agreement" with Everbright Futures Co., Ltd. ● In April, The Company introduced the new "FTSE China A50 Index" from Singapore Stock Exchange following the latest deregulations. The index offered a quick access for investing in the Chinese market as well as an effective hedging tool. ● Our "Global Strategic Platform" launched in May offered a fine selection of trading strategies, through which investors were able to minimize

Year	Major events:
	<p>risks and choose portfolios that best suited their preferences.</p> <ul style="list-style-type: none"> ● In June, Polaris Futures was awarded "Top 10 Outstanding Enterprises of the Year" and "Top 10 Outstanding Managers of the Year" during the Ninth Golden Torch Award organized by the Outstanding Enterprise Manager Association R.O.C. ● The Company organized "The 2nd Computer Gaming Tournament" in June in an attempt to step away from the vicious competition for talents within the industry, and systematically develop trading talents. ● In July, The Company was awarded "Outstanding Corporate Leader" and "Outstanding Futures Talent" during the Eleventh Golden Goblet Award organized by the Securities and Futures Institute. ● In July, the Board of Directors passed to submit an application for a brokerage membership in SGX-DT (Derivatives Trading). ● In August, The Company joined Yuanta Futures Co., Ltd. in organizing 7 sessions of "2011 Second Half Investment Highlight Seminar", which attracted more than 1,200 audience. The two companies were already warming up to the official business merger scheduled in April 101. ● In August, the Board of Directors approved The Company's merger with Yuanta Futures Co., Ltd. and a cash issue to complete the merger. ● In September, the Board of Directors passed to submit an application to CME Group for a membership in Chicago Mercantile Exchange (CME). ● In November, Polaris Futures was named "Outstanding Merchant in R.O.C." by the Ministry of Economic Affairs, and was the only financial institution to be accredited. ● Assembled the "Remuneration Committee" in November. ● In December, the Financial Supervisory Commission approved The Company's merger with Yuanta Futures Co., Ltd. ● In December, The Company was reviewed by Taiwan Corporate Governance Association and was awarded its "CG6006 Corporate Governance Certification" during the ceremony held on December on December 28, making it the first futures company to receive such certification. ● In December, Vice Chairman and President Hsiao-Ling Chou was rated "Top Hundred MVP Managers" in 2011. ● In December, The Company joined Yuanta Futures in organizing 3 sessions of "Taiwan Stock Market 101" seminar, and delivered a detailed analysis of what to expect in the upcoming presidential election and Chinese New Year season.
2012	<ul style="list-style-type: none"> ● In January, the Financial Supervisory Commission approved The Company's new share issue to complete its merger with Yuanta Futures Co., Ltd. ● In January, the Board of Directors passed to submit an application for a membership in Intercontinental Exchange (ICE), U.S. ● April: Merger with Yuanta Futures, and the Company was renamed as

Year	Major events:
	<p data-bbox="437 257 783 291">“Yuanta Futures Co., Ltd.”</p> <ul style="list-style-type: none"> <li data-bbox="405 304 1383 409">● April: Launched the “Money to Singapore” event jointly with Singapore Stock Exchange, and unveiled the three hot items of Asia, namely, STW, SCN, and SIN. <li data-bbox="405 423 1383 528">● May: the “Auditing Committee” was established to substitute the functions of the supervisors in monitoring the treasury, internal control, compliance and the control of potential risks. <li data-bbox="405 542 1383 647">● May: qualified as a member of NYSE Liffe, which made Yuanta Futures the only futures firm in Taiwan that has acquired membership of two major exchanges in Europe. <li data-bbox="405 660 1383 734">● July: Entered into MOU with China Development Bank Futures in consulting cooperation <li data-bbox="405 748 1383 853">● July: Organized the “Olympic European Debt Cup” jointly with Eurex and NYSE Liffe, the first time where bonds and futures were used as the core product. <li data-bbox="405 866 1383 972">● August: Entered into the “Agreement on Futures Options Consulting Cooperation” with China Development Bank Futures of Mainland China. <li data-bbox="405 985 1383 1090">● October: Worked in cooperation with CME Group in holding the “US Bonds Election Campaign”, with US bonds as the products in the contest. <li data-bbox="405 1104 1383 1317">● In October, Seminar with the management of futures firms and won three championship from TWSE in stocks and futures: (1) Excellence Award (total brokerage volume): Yuanta Futures is ranked the first place; (2) Pinnacle Award (total proprietary volume): Yuanta Securities is ranked the first place; (3) Preeminence Award (total IB trading volume): Yuanta Securities is ranked the first place. <li data-bbox="405 1330 1383 1435">● Authorized by the Financial Supervisory Commission to 100% invest in overseas IT company in October; also, participated in the futures market of China in another form to enter Chinese market. <li data-bbox="405 1449 1383 1554">● November: the first futures firm in Taiwan being approved to invest for the establishment of a wholly-owned subsidiary overseas, the Yuanta Futures (HK) Co., Limited. <li data-bbox="405 1568 1383 1675">● In December, Organized the “TXO Week Maturity Month Contest” Phase I jointly with TWSE, and was awarded the “Champion of FCM Group in Total Trading Volume of All Locations”.
2013	<ul style="list-style-type: none"> <li data-bbox="405 1688 1383 1832">● In January, organized the “Flexible TXO Deployment Week” 4 large-scale lecture tours, close to 39 small seminars, and about 1,400 persons’ participation; was awarded the “Champion of FCM Group in Total Trading Volume of All Locations” for two consecutive years. <li data-bbox="405 1845 1383 1951">● In April, completed the merger of Liuohe and Kaohsiung Branch and organized serial activities such as the moving tea party, the gifts for daughter's returning home, and the prospect in the second quarter, etc. <li data-bbox="405 1964 1383 2022">● In April, transferred the investment in the subordinate, SYF Information (Shanghai) Limited in China and was officially licensed to run a

Year	Major events:
	<p>business for an enterprise legal person in China. It is leading the industry in running business and operations actively in China.</p> <ul style="list-style-type: none"> ● In June, the chairman of the board, Ming-Hong Ho, took over the 4th chairman of the Chinese National Futures Association, helping the futures industry to speak and grasp business opportunities. ● In June, Yuanta Financial Holdings and we were both honored with an A++ ranking in the tenth Information Disclosure Evaluation System for Publicly Traded Companies held by Securities and Futures Institute, which was the only futures company in Taiwan. ● In July, The Company was selected "2013 Taiwan Large Corporation Top 5000", and ranked first in the futures industry. ● In August, won the No.1 of the brokerage firm consolation prize in the first phase in May, June, and July of tax deduction promotion activities held by Taiwan Futures Exchange, No.1 of brokers trading gold award, No.1 of brokerage firms' associated person award, No.1 of dealer excellence award, and No.1 of proprietary trader award. ● In November, published "Big Winner of the bears and bulls", more than 2,500 sold in a short two months after coming into the market. ● In December, won the No.1 of the brokerage firm consolation prize in the second phase in August of tax deduction promotion activities held by Taiwan Futures Exchange, No.1 of brokers trading gold award, No.1 of brokerage firms' associated person award, No.1 of dealer excellence award in August, September, October, November, and December, and No.1 of proprietary trader award. ● Participated in the On-Line Demo Trading FCM Contest of Taiwan Futures Exchange in December and had won the first place in September, October, and November for three consecutive months. The Groups' IB has performed outstandingly with close to 80% winning rate, including, Yuanta Securities won the first place in September and Reliance Securities Co., Ltd. ranked in the second place in September, the first place in October, and the first place in November. KING FONG SECURITIES was ranked in the second place in October and November. Taichung Bank Securities was ranked in the third place in October, indicating the successful cooperation of the Company with IB channel in a long run.
2014	<ul style="list-style-type: none"> ● In January, the Investee company, BaoFu Futures Trust Co., Ltd. changed the company name to MFG Investment Consulting Co., Ltd. ● Won the first place in stock futures FCM trade at the Taiwan Futures Exchange in January – March. ● Won the second place in stock futures FCM trade at the Taiwan Futures Exchange in April - May. ● Eurex/TAIFEX Link marketing activities were promoted in May in response to Taiwan Futures Exchange authorizing EUREX to trade on "Taiwan futures and the daily futures on TXO contract." Also, held five seminars with over one hundred participants each time to vigorously assist the Taiwan Futures Exchange in promoting Taiwan futures

Year	Major events:
	<p>products.</p> <ul style="list-style-type: none"> ● Won the first place in stock futures FCM trade at the Taiwan Futures Exchange in June. ● Yuanta Financial Holdings and the Company had received the “A++ highest honor” in the 11th Disclosure of Information Evaluation in June from Securities and Futures Institute; also, the Company is the one and only futures company in Taiwan to receive such honor for two consecutive years. ● In July, The Company was selected "2014 Taiwan Large Corporation Top 5000", and ranked first in the futures industry. ● In July, Won the third place at the TX FCM trade Gold Medal at the Taiwan Futures Exchange. The associated IB of Yuantan Securities won the first place in the IB trade Gold Medal. ● Ranked in the first place at the Eurex/TAIFEX Link Trading Contest program May-August FCM total trade volume, July FCM Transaction Award, and ranked in the first place for the additional trade volume. ● Worked with the Taiwan Academy of Banking and Finance (TABF) in September to launch the “International Trader Recruitment” campaign with 10 activities arranged in Taipei, Hsinchu, Taichung, Tainan, and Kaohsiung that attracted more than 1,100 young student participants. ● Awarded with The Leadership Award in September by The Asset Magazine. ● Awarded in September by the ROC Outstanding Enterprise Manager Association with the 16th Jinfeng Award “Top-Ten Outstanding Enterprises.” ● Won the Award of FTX FCM and OTX FCM Stage II trade competition program of the Taiwan Futures Exchange in September. ● Awarded with the “Outstanding Enterprise” at the 11th National Brand Yushan Award in October by the ROC National Enterprise Competitiveness Development Association and The National Brand Yushan Award Admission Committee. ● Awarded with the 68th “ROC Excellent Businessmen Award” from General Chamber of Commerce of the ROC in October for the second time after the first award received at the 65th “ROC Excellent Businessmen” in 2011. ● In October, Won the first place at the TX FCM trade Gold Medal at the Taiwan Futures Exchange. The associated IB of Yuantan Securities won the third place in the IB trade Gold Medal.
2015	<ul style="list-style-type: none"> ● Launched the “2015 Global and Chinese Market Investment Outlook” seminar with Yuanta Securities and Yuanta Investment Trust in January to analyze global investment trends. ● Worked with Taiwan Academy of Banking again in April to hold the “International Trader and Broker Recruitment” in April that attracted more than 800 people to apply.

Year	Major events:
	<ul style="list-style-type: none"> ● Awarded with the honor of the 1st corporate governance “OTC company top five-percent performance” held by Taiwan Stock Exchange and Taipei Exchange in June. ● Yuanta Financial Holdings and the Company had received the “A++ highest honor” in the 12th Disclosure of Information Evaluation in June from Securities and Futures Institute; also, the Company is the one and only futures company in Taiwan to receive such honor for three consecutive years. ● Recognized as the “Top-Ten Companies” at the 12th Golden Torch Award in June by the Outstanding Enterprise Manager Association. ● Renamed as “Yuanta Futures Corporation” in July. ● In response to the first exchange instrument – RMB exchange futures introduced by Taiwan Futures Exchange in July, offered new domestic exchange futures commodity trading service, held five large-scale and several moderate seminars to help promote new commodities. ● Qualified as a leverage trader with the approval of the competent authorities in July, the one and only futures commission merchant received such honor in Taiwan. The Company will be able to issue new financial instruments in the future, increase the flexibility of product innovation and design, and fulfill customer’s needs comprehensively. ● The capital increase of the subsidiary, SYF Information Co., Ltd., was authorized by the competent authorities in August and the process of capitalization was completed in October. ● The establishment of the Ethical Management Committee was resolved by the board of directors in August. ● Awarded with the “Best Futures House, Taiwan” by The Asset magazine in September. ● Awarded with the “NON-BANK FCM OF THE YEAR” by the Futures Options World magazine (FOW) in September. ● Awarded with the “Outstanding Enterprise” and “Most Popular Brand” at the 12th National Brand Yushan Award in October. ● Awarded with the “Annual Contribution Award” and “RMB Account Promotion Award” in November at the 1st Futures Diamond Award by Taiwan Futures Exchange. ● Awarded with the “Outstanding Futures Talent” at the 13th Golden Goblet Award in December.
2016	<ul style="list-style-type: none"> ● Launched the “24-hour futures online account-opening” service in March ahead of the industry. ● Participated in the business performance meeting that was held by Taipei Exchange (TPEX) in April. ● Awarded with the honor of the 2nd corporate governance “OTC company top five-percent performance” held by Taiwan Stock Exchange and Taipei Exchange in June.

Year	Major events:
2017	<ul style="list-style-type: none"> ● Got together with CME to arrange the Investment Outlook Seminar in June with CME lecturers invited from overseas to analyze the investment trends in the second half of 2016. ● In July, The Company was selected “2016 Taiwan Large Corporation Top 5000”, and ranked first in the futures industry ● Launched the “Yuanta Futures Wizard” orders APP that was developed in-house in September and it was the first ordering software installed in mobile phones. ● In September, awarded with the “Highly commended, Derivatives House of the Year, Taiwan” by The Asset magazine. ● In September, awarded with the “Emerging Market Broker of The Year” by the Futures Options World magazine (FOW). ● In October, awarded with first place in the category of futures commission merchant trade volume of the 2nd “Futures Diamond Award” held by Taiwan Futures Exchange. ● In January, awarded with the “Best Brokerage House” by The Asset magazine. ● From March~July, we promoted intelligent transactions toward the great intelligent future, with efforts including our offer to students on campus in programming competitions. Investors have hands-on transaction competitions and huge scale seminars and symposiums on a monthly basis. As the leading vanguard, we guide the entire industry toward a trend to forge the ecosphere of the financial industry. ● In April, awarded with the honor of the 3rd corporate governance “OTC company top five-percent performance” held by Taiwan Stock Exchange and Taipei Exchange. ● Starting from May, as a senior leverage trader we launched foreign currency guarantee bond services and, subsequently presented unique structure commodities into the markets with the purchase of Taiwan stock options. Thanks to our leading brand of Yuanta Futures options, we provide customers with diverse and profitable hedging channels. ● In May, our Hong Kong Subsidiary expanded its business horizons and successfully acquired INE Degree II agency membership for the Shanghai Energy Trading Exchange—as the very pioneer among all futures dealers in Taiwan. In 2018, with our continued endeavors, we should boost our Hong Kong Subsidiary into a giant international trading platform in transnational markets. ● In June, The Company was selected “2017 Taiwan Large Corporation Top 5000”, and ranked first in the futures industry ● In September, awarded with the “Derivatives House of the Year - Highly Commended)” by The Asset magazine. ● In October, awarded with first place in the category of commission merchant trade volume of the 1st “Futures Diamond Award” held by Taiwan Futures Exchange. ● In November, awarded with the 71th ROC Excellent Businessmen

Year	Major events:
	<p data-bbox="440 259 533 293">Award.</p> <ul style="list-style-type: none"> <li data-bbox="405 304 1270 371">● In November, awarded with the “Outstanding Enterprise and “Most Popular Brand” at the 14th National Brand Yushan Award. <li data-bbox="405 383 1383 483">● In December, awarded with the “Outstanding Futures Talent”, “Outstanding Risk Management”, “Outstanding Financial Innovation” at the 14th Golden Goblet Award.
2018	<ul style="list-style-type: none"> <li data-bbox="405 551 1358 696">● In January, the Company co-organized the Japanese market Home Run transaction exclusively with the Japan Exchange (JPX) and invited Japanese analysts to give seminars in Taiwan to attract more customers to transact in the Japanese stock market. <li data-bbox="405 707 1342 808">● In March, the Company launched the independently developed “Smart API” with high compatibility with various programming languages in the market. <li data-bbox="405 819 1350 898">● In May, Awarded with the honor of the 4th corporate governance “OTC company top five-percent performance.” <li data-bbox="405 909 1358 976">● In May, the Company was rated No. 1 in the futures sector, Taiwan Top 2000, <i>CommonWealth Magazine</i>. <li data-bbox="405 987 1262 1055">● In June, No. 1 in futures companies amongst the Top 5000 large corporations in Taiwan. <li data-bbox="405 1066 1374 1178">● In August, the Company was the only public futures company to win the “Excellence in Corporate Social Responsibility” in the Little Giant Group. <li data-bbox="405 1189 1342 1335">● In September, the Company co-organized the forex market investment vision with the Chicago Mercantile Exchange (CME), the world’s largest option exchange and invited CME instructors to Taiwan to analyze the forex investment trend in the second half of 2018. <li data-bbox="405 1346 1374 1413">● In September, awarded with the “Derivatives House of the Year - Highly Commended)” by The Asset magazine. <li data-bbox="405 1424 1254 1491">● In September, the Company was awarded the Emerging Market Non-Bank Broker of the Year from the FOW Awards for Asia. <li data-bbox="405 1503 1342 1648">● In October, the Company won the Diamond Award at the 4th Futures Diamond Awards organized by the Taipei Futures Exchange and No. 1 in the FCM Transaction Volume Diamond Award & FCM Foreign Investment Transaction Volume. <li data-bbox="405 1659 1270 1727">● In October, awarded with the “Outstanding Enterprise and “Most Popular Brand” at the 15th National Brand Yushan Award. <li data-bbox="405 1738 1294 1805">● In November, awarded with the 72th ROC Excellent Businessmen Award. <li data-bbox="405 1816 1350 1962">● In November-December, the Company organized the FOREX Winner Forum to promote foreign exchange margin trading products in collaboration with winners and professional instructors of the leverage business department.

Year	Major events:
2019	<ul style="list-style-type: none"> ● In May, Awarded with the honor of the 5th corporate governance “OTC company top five-percent performance.” ● In May, the Company was rated No. 1 in the futures sector, Taiwan Top 2000, <i>CommonWealth Magazine</i>. ● The leverage transaction merchants launched the “Knock-out options” product in May that allowed petite bourgeoisie and novice investors to trade easily, echoing the competent authorities’ upgrading the innovative application of financial technology. ● In June, No. 1 in futures companies amongst the Top 5000 large corporations in Taiwan. ● Awarded with the Reader’s Digest Brand Survey - Futures Category Platinum Award in June. ● In September, the only public futures company to win the “Excellence in Corporate Social Responsibility” in the Little Giant Group. ● In September, awarded with the “Best Brokerage House of the year” by The Asset magazine. ● The liquidation operation of Sheng Yuan Futures (Samoa) Co., Limited, the invested, was implemented in September to save operation cost of the economy. ● In October, awarded with the “Outstanding Enterprise and “Most Popular Brand” at the 16th National Brand Yushan Award. ● The Fair Dealing Committee was established in October to protect consumer rights in accordance with the fair dealing principle. ● The Hong Kong subsidiary obtained the business licenses for the Hong Kong Class 1 “Securities Trading” and Class 4 “Advice on Securities” in October after obtaining the Singapore Derivative Commodity Exchange (SGX-DT) brokerage membership. ● Awarded with Taiwan Futures Exchange 5th “Futures Diamond Award - 1st Place of Futures Broker Trade Volume Diamond Award and 2nd Place of Futures Dealer Volume Growth Award” in November. ● Awarded with the 15th Golden Goblet Award “Outstanding Futures Talent Award,” “Outstanding Financial Innovation Award,” and “Outstanding Talent Cultivation Award” in November. ● Certified with the “Sports Enterprise Certification” by the Sports Administration, Ministry of Education in November. ● Awarded with the “2019 TCSA Taiwan Corporate Sustainability Awards” Bronze medal for Corporate Sustainability Report and “Innovation Growth Award” in November. ● In November, the board of directors made a cash issue totaling 17,700 thousand shares at a face value of \$10, which increased share paid up capital to NT\$2,499,762,880.
2020	<ul style="list-style-type: none"> ● In March, the first futures merchant in Taiwan issued gold and crude oil CFD issuance rights; assisted investors to take advantage of their flexible trading features and grasp trading opportunities in the financial

Year	Major events:
	<p>market.</p> <ul style="list-style-type: none"> ● In May, launched small exchange futures early to leverage global home economy that allow investors to trade foreign futures with a lower trading threshold; also, to provide diversified trading commodities and diversified trading strategies. ● In June, Awarded with the honor of the 6th corporate governance “OTC company top five-percent performance.” ● In June, awarded with the 17th National Brand Yushan Award “Outstanding Business Leader – President Hsiao-Ling Chou.” ● In June, awarded with the 17th National Brand Yushan Award “Most Popular Brand – Leveraged Trader.” ● In June, awarded with the 17th National Brand Yushan Award “Best Product Category – Consultant Smart Product.” ● In June, awarded with the 17th National Brand Yushan Award “Best Product Category – Bull and Bear Rights.” ● In June, awarded with the 17th National Brand Yushan Award “Best Product Category – Price Difference Contract.” ● In July, No. 1 in futures companies amongst the Top 5000 large corporations in Taiwan. ● In July, established an industrial legal person dedicated business unit to meet the hedging needs of industrial legal persons. ● In July, Sheng-Yuan-Chi Information (Samoa) Co., Ltd. completed the liquidation operation on July 17, 2020. Sheng-Yuan-Chi Information Co., Ltd. held 100% equity of Sheng-Yuan-Chi Information Technology (Shanghai) Co., Ltd. ● In August, awarded with the 6th Futures Diamond Award “Futures Broker Trading Volume Diamond Award.” ● In August, signed the “Tan Shui River Convention” in response to the urge of <i>CommonWealth Magazine</i> and supported clean river movement in the Danshui River Wazaiwei Natural Ecological Reserve. ● In August, ranked 7th place in the Little Giant List of the “Excellence in Corporate Social Responsibility Award” – the one and only futures merchant on the list. ● In September, awarded with the FOW Futures and Stock Options Professional Magazine “Futures Merchant of the Year.” ● In September, created a full range of gold commodity expert and first launched “Gold CFD.” ● In October, awarded with the “Best Futures Merchant Award” by The Asset, the one and only futures merchant in Asia who received such honor. ● In December, awarded with the “ESG Corporate Awards Gold Medal” from The Asset, the one and only futures merchant who received THE ASSET ESG international award.
2021	<ul style="list-style-type: none"> ● In March, awarded with the Asset “Digital Awards - 2021 Best Emerging

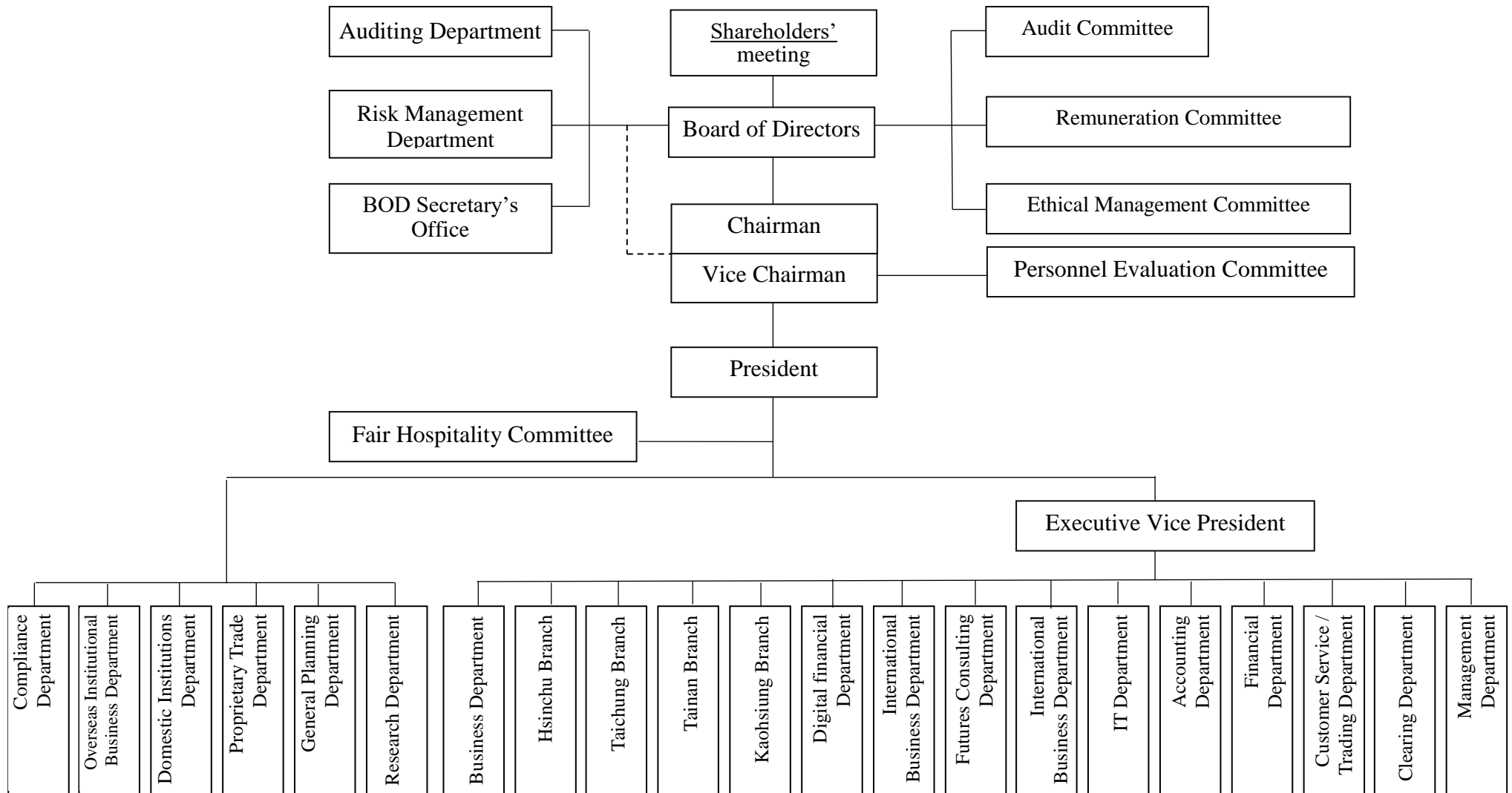
Year	Major events:
	<p>Digital Technologies Project”.</p> <ul style="list-style-type: none"> ● In April, Awarded with the honor of the 7th corporate governance “OTC company top five-percent performance.” ● The board of directors had approved the dissolution and liquidation of Sheng Yuan Futures (Shanghai) Co., Ltd. in June. ● The “ESG page” was added in the official website in June to transparently disclose the Company’s ESG-related performance and actions. ● In July, No. 1 in futures companies amongst the Top 5000 large corporations in Taiwan. ● The Company received a long-term credit rating of “AA-(twn)” from Fitch Ratings in August with a prospect of “stable.” ● The Company was awarded with the 7th Futures Diamond Award “Futures Merchants Trading Volume Diamond Award” in August, ranked in the first place of the futures merchants in trading volume for six consecutive years. ● The Company was awarded with the “Investment Awards - 2021 Best Futures Merchant” by The Asset in September. ● The Company was ranked in the 4th place of the Rising Star Award of the “Excellence in Corporate Social Responsibility Award” by CommonWealth Magazine in September. The Company was the one and only futures merchant on the list. ● The Company was awarded with the 1st Digital Financial Service Award “Futures – Digital Innovation Gold Award” by the Commercial Times in September. ● The Company was awarded with the “Outstanding Futures Talent Award” and “Outstanding Talent Cultivation Award” in the 16th Golden Goblet Award in September. ● The Company was authorized by the competent authorities in September to underwrite new CFD instruments, and the CFD of ETF (Exchange Traded Funds), such as, new foreign stock, foreign stock price index, and silver instruments. ● The Company exclusively launched the self-developed intelligent options ordering platform “iTRADER” in October to have the software and hardware of the trading system upgraded and the efficiency of the trading platform optimized. ● In October, signed the “Tan Shui River Convention” in response to the urge of <i>CommonWealth Magazine</i> and supported clean river movement in the Danshui River Wazaiwei Natural Ecological Reserve. ● The Company was awarded with the 2021 Taiwan Corporate Sustainability Awards (TCSA) “Sustainability Report – Finance and Insurance Silver Award” and “Innovative Growth Leader Award” in November. ● The Information Security Officer was appointed to supervise and promote the implementation of information security management

Year	Major events:
	<p>operations in December.</p> <ul style="list-style-type: none"> ● The Company was awarded the “ESG Corporate Awards - 2021 ESG Platinum Award” by The Asset in December, the one and only futures merchant in Asia that has been awarded with ASSET ESG International Award.

Three. Corporate Governance

I. Organizational structure

(I) Corporate structure



(II) The responsibilities of various divisions

Department	Main responsibilities
BOD Secretary's Office	Handling of affairs in relation to the Board of Directors (BOD) and the Audit Committee; corporate governance promotion; company stock services and application and renewal of licenses required by competent authorities.
Auditing Department	Conduct audit on the enforcement of the internal control system by respective functional units and propose recommendation of corrective action, and keep track on the status of corrective action.
Risk Management Department:	Responsible for the management and control of the overall market risk, credit risk, model risk, liquidity risk, and system risk of the Company, and monitor the business units in trading hours and analysis at the close of the market.
Compliance Department	Collection of information of laws and regulations in relation to business operations and analyzing and reviewing their legitimacy; drafting and management of all types of contracts; provision of consultation services for and handling of legal disputes and lawsuits; and planning, management and implementation of compliance systems.
General Planning Department	Responsible for handling the affairs related to the Ethical Corporate Management Committee and the Treating Client Fairly Committee, the Company's short-term, mid-term, and long-term development policies, the promotion of Corporate Social Responsibility, the analysis of the Company's business performance, the planning of the general sales marketing, the investigation of market trends. The maintenance of public relations, and the advertisement and publicity operations.
Management Department	Responsible for handling the affairs related to the Remuneration Committee and Personnel Evaluation Committee, including administration, general affairs, clerical process, personnel, education and training, remuneration and compensation, labor safety and health, employee welfare committee; also, the purchase, repairment, and management of assets, electromechanical, communications, equipment, office supplies, etc.
Clearing Department	Responsible for processing the request for clearing and settlement of futures trade by investors or commission futures merchants.
Customer Service / Trading Department	Responsible for executing the transaction orders of futures trade by investors or commission futures merchants and related customer services.
Financial Department	Responsible for the overall planning of the financial structure of the Company, fund appropriation, and cashier service.
Accounting Department	Responsible for the establishment and execution of the accounting system of the Company, bookkeeping, compilation and declaration of financial statements, tax planning and declaration, budgeting for the Company, and the compilation of statements for profit center

	operation.
IT Department	Responsible for evaluation, planning, and implementation of computerized operation procedures, software development and hardware maintenance of information systems, planning and implementation of the Company's overall information security plan, the maintenance and operation of the Company's information security-related protective measures, the development and maintenance of the website, webpage design, etc.
International Business Department	Responsible for the design of the long, mid, and short-term investment plans and investment directions, establishment of corporate management system, analysis of operation evaluation. Assist the investees in financial management, compliance, establishment and control of risk management mechanism.
Digital Finance Department	Responsible for planning of the Company's digital financial business development, the integration of operations, the development and management of the electronic trading platforms, etc.
Proprietary Trade Department	Transactions of domestic and foreign futures and trading of domestic and foreign securities announced by competent authorities with regulatory capital; the research and development of the proprietary trading information system; and transaction of leverage contracts approved by competent authorities.
Research Department	Research and analysis, market survey, and the development of futures trade related products.
Futures Consulting Department	Provide research report and analysis of futures trade, give opinions and suggestions, at the appointment of designated parties, publications, or holding seminars.
Domestic Institutions Department	Handling onshore and offshore futures trade orders of domestic institutional investors as announced by the competent authority. Provide market information, research reports, trade information related to institutional investors.
Overseas Institutional Business Department	Handling onshore and offshore futures trade orders of domestic institutional investors as announced by the competent authority. Provide market information, research reports, trade information related to institutional investors.
Network Business Department	Supervise and assist the futures introducing brokers, solicit business and provide brokerage service for the Company in opening new accounts and placing trade orders for the investors.
Business Department	Execute trade orders of futures at home and abroad, securities traded in the exchange and OTC market, securities IB business, and futures consulting business.
Branches	Execute trade orders of futures at home and abroad, securities traded in the exchange and OTC market, securities IB business, and futures consulting business.

II. Background information of the Directors, President, Vice Presidents, Assistant Vice Presidents and heads of various departments and branches

(I) Director, Independent Director

Date of information: January 1, 2022

Title	Nationality and Registry	Name	Gender, age	Date elected	Term	Date first elected	Shareholding as of elected date		Current number of shares held		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current duties in The Company and in other companies	Spouse or relatives of second degree or closer acting as Directors, Supervisors, or other department heads		
							Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage			Title	Name	Relationship
Corporate shareholder	Republic of China	Yuanta Financial Holding Co., Ltd.	-	2021.07.05	3 years	2012.05.23	101,000,000	43.48%	192,167,005	66.27%	-	-	0	0%	-	-	-	-	-
Chairman	Republic of China	Yuanta Financial Holding Co., Ltd. Representative: Tien-Fu Lin	Male 70	2021.07.05	3 years	2014.06.26	0	0%	86,856	0.03%	0	0%	0	0%	President of Yuanta Securities Co., Ltd. Vice Chairman of Yuanta Securities Finance Co., Ltd. Director and President of Fuh Hwa Securities Investment Trust Co., Ltd. Director and Executive Vice President of Yuanta Core Pacific Securities Co., Ltd. Chairman of Ding Fu Securities Co., Ltd. Director of Yuanta Financial Holding Co., Ltd. Yu Da High School of Commerce and Home Economics Completed the Accounting Practice course of the Accounting Advanced Class 52 and Intermediate Accounting course of Class 57 arranged by the Center for Public and Business Administration Education, National Chengchi University (NCCU CPBAE).	Chairman of the Company, Independent director of TTY Biopharm Company Limited	None	None	None
Vice Chairman	Republic of China	Yuanta Financial Holding Co., Ltd. Representative: Hsiao-Ling Chou	Female 59	2021.07.05	3 years	2007.11.21	70,772	0.03%	31,962	0.01%	0	0%	0	0%	Vice Chairman of Yuanta Futures Co., Ltd. Director, Yuanta Futures (HK) Co., Limited Director and President of Polaris Futures Co., Ltd. Director of Connection Labs Ltd. Director and Vice President of Oversea-Chinese Banking Corporation Limited President of Brokerage Department, Polaris Securities Co., Ltd. Master, Banking and Finance, National Taiwan University	Vice Chairman of the Company, Chief Executive Officer of the Corporate Finance Division of Yuanta Financial Holdings Co., Ltd., Director of Yuanta Venture Capital Co., Ltd., Director of Yuanta One Venture Capital Co., Ltd., Director of SYF Information Co., LTD., Director of Sheng Yuan Futures (Shanghai) Co., Ltd., Director of Taiwan Futures Exchange Co., Ltd., Director of Yuanta Foundation, and Independent Director of LUO LIH-FEN Holdings Co., Ltd.	None	None	None

Title	Nationality and Registry	Name	Gender, age	Date elected	Term	Date first elected	Shareholding as of elected date		Current number of shares held		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current duties in The Company and in other companies	Spouse or relatives of second degree or closer acting as Directors, Supervisors, or other department heads		
							Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage			Title	Name	Relationship
Director	Republic of China	Yuanta Financial Holding Co., Ltd. Representative: Hsien-Tao Chiu	Male 74	2021.07.05	3 years	2016.06.01	0	0%	0	0%	0	0%	0	0%	Director of Yuanta Financial Holding Co., Ltd. Director of Yuanta Commercial Banking Corporation Chairman of Taichung Commercial Bank Securities Co., Ltd. Managing Director of Yuanta Commercial Bank Co., Ltd. Director of Asia-Pacific Investment Trust Chairman of Asia-Pacific Leasing Chairman of Fu-An Insurance Agent Business Administration Dept., Southwestern University	Director of Yuanta Bank Co., Ltd., Chairman of Kandlee Trading Co., Ltd., Chairman of Topasia Investment Management Limited, Chairman of Yue Ho Automobile Co., Ltd., Director of Chen Long Automobile Co., Ltd., Director of Fong Long Automobile Co., Ltd., and Chairman of Taiwan Yi Ho International Co., Ltd.	None	None	None
Director	Republic of China	Yuanta Financial Holding Co., Ltd. Representative: Yueh-Tsang Li	Male 72	2021.07.05	3 years	2016.06.01	0	0%	0	0%	0	0%	0	0%	Director of Yuanta Financial Holding Co., Ltd. Director of Yuan Kun Construction Co., Ltd. Chairman of Tiffit Securities Co., Ltd. Director of Yuanta Core Pacific Securities Co., Ltd. Department of Sociology, Toyo University	Director of Yuanta Financial Holding Co., Ltd., Chairman of Yuantong Investment Co., Ltd.	None	None	None
Director	Republic of China	Yuanta Financial Holding Co., Ltd. Representative: Kuo-Tsun Hsu	Male 49	2021.07.05	3 years	2020.09.23	18,000	0.01%	0	0%	0	0%	0	0%	Executive Vice President, Yuanta Futures Co., Ltd. Vice President of Polaris Futures Co., Ltd. Master, Banking and Finance, National Taiwan University	The Company's President	None	None	None
Director	Republic of China	Yuanta Financial Holding Co., Ltd. Representative: Mei-Ling Kuo	Female 59	2021.07.05	3 years	2019.04.08	0	0%	0	0%	0	0%	0	0%	Manager of Syscom Computer Engineering Company Executive Vice President of Capital Securities Corporation Executive Vice President, Yuanta Securities MBA, National Chengchi University	Chief Executive Officer, Digital financial Dept, Yuanta Financial Holdings Co., Ltd.; Executive Vice President of Yuanta Life Insurance Company, Director, Yuanta Securities Finance	None	None	None
Independent Director	Republic of China	Yu-Chun Wu	Male 71	2021.07.05	3 years	2021.07.05	0	0%	0	0%	0	0%	0	0%	Master Degree of Executive Master Business Management, National Taiwan University Auditor of the Taxation Administration, Ministry of Finance, R.O.C. Director, Deputy Director, and Chief Secretary of the Securities and Futures Bureau of the Financial Supervisory Commission President of GreTai Securities Market Chairman of MasterLink Securities Investment Advisory Co., Ltd. Independent Director of Taiwan Mask Corporation Independent Director of Chun Zu Machinery Industry Co., Ltd. Supervisor of Browave Corporation	Independent Director of Yuanta Securities Co., Ltd.; Director of Browave Corporation	None	None	None

Title	Nationality and Registry	Name	Gender, age	Date elected	Term	Date first elected	Shareholding as of elected date		Current number of shares held		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current duties in The Company and in other companies	Spouse or relatives of second degree or closer acting as Directors, Supervisors, or other department heads		
							Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage			Title	Name	Relationship
Independent Director	Republic of China	Nai-Kuan Huang	Male 69	2021.07.05	3 years	2018.05.24	0	0%	0	0%	0	0%	0	0%	Vice President and Chief Information Officer of Taiwan Stock Exchange Corporation Chairman of Taiwan Ratings Corp. Sr. Executive Vice President and Public Welfare Supervisor, Taiwan Futures Exchange Chairman of TAIWAN-CA. Inc. Independent Director of Yuanta Securities Co., Ltd. PhD in Engineering, USC	Independent Director of Castles Technology Co., Ltd. Director of Rflic Technology Corporation Director of Everlasting Digital ESG Co., Ltd.	None	None	None
Independent Director	Republic of China	Hui-Erh Yuan	Female 65	2021.07.05	3 years	2020.05.27	0	0%	0	0%	0	0%	0	0%	PwC Partnership Accountant Chairman of PwC Taiwan Director of the Taipei Certified Public Accountants Association of the Republic of China Master of Accounting, University of Central Missouri Master of Business Administration, University of Illinois, USA	Independent Director of Coaster International Co., Ltd. (British Cayman Islands) Director of Sheng Yen Education Foundation Supervisor of Dharma Drum Mountain Buddhist Foundation	None	None	None

Note 1: The Company had the 11th directors elected entirely on July 5, 2021 for tenure from July 5, 2021 to July 4, 2024.

Note 2: The initial day of elected office of individual directors or representatives shall be initial day of office.

Note 3: As of January 31, 2022, the Company had 289,976,288 shares in circulation.

Note 4: The Company convened a board meeting on July 5, 2021 to elect Mr. Tien-Fu Lin as Chairman.

(II) Table 1: Corporate shareholders' main shareholders

Date of information: July 13, 2021

Name of corporate shareholder	Corporate shareholders' main shareholders	
Yuanta Financial Holding Co., Ltd.	Tsun Chueh Investment Co., Ltd.	3.54%
	Yuan Hung Investment Co., Ltd.	3.54%
	Yuan Hsiang Investment Co., Ltd.	2.97%
	Yu Yang Investment Co., Ltd.	2.69%
	Fubon Life Insurance Co., Ltd.	2.31%
	Bank of Taiwan	2.28%
	Trust account entrusted with Yuanta Bank	2.25%
	Teng Ta Investment Co., Ltd.	2.04%
	Lian Ta Investment Co., Ltd.	2.03%
	Singapore Government Investment Account in the custody of Citibank (Taiwan)	1.92%

Note: The top 10 shareholders were based on the information as of the last date Yuanta Financial Holdings Co., Ltd. cut off the transfer of shares (July 13, 2021)

(III) Table 2: Major shareholders of major corporate shareholders listed in Table 1

Date of information: January 1, 2022

Name of corporate shareholder	Corporate shareholders' main shareholders	
Tsun Chueh Investment Co., Ltd.	Teng Ta Investment Co., Ltd.	19.69%
	Lian Ta Investment Co., Ltd.	19.84%
	Chiu Ta Investment Co., Ltd.	18.36%
	Lien Heng Investment Co., Ltd.	18.92%
	Hsing Tsai Investment Co., Ltd.	10.23%
	Wei-Chien Ma	8.27%
	Li-Chuang Tu	4.69%
Yuan Hung Investment Co., Ltd.	Mei Chia Lee Investment Co., Ltd.	45.88%
	Lien Heng Investment Co., Ltd.	33.74%
	Teng Ta Investment Co., Ltd.	15.38%
	Li-Chuang Tu	5.00%
Yuan Hsiang Investment Co., Ltd.	Lian Ta Investment Co., Ltd.	44.38%
	Lien Heng Investment Co., Ltd.	19.00%
	Teng Ta Investment Co., Ltd.	18.69%

Name of corporate shareholder	Corporate shareholders' main shareholders	
	Chiu Ta Investment Co., Ltd.	9.96%
	Li-Chuang Tu	5.01%
	Hsing Tsai Investment Co., Ltd.	2.96%
Yu Yang Investment Co., Ltd.	Tsun Chueh Investment Co., Ltd.	100%
Fubon Life Insurance Co., Ltd.	Fubon Financial Holding Co., Ltd.	100%
Bank of Taiwan	Taiwan Financial Holdings	100%
Trust account entrusted with Yuanta Bank	Not applicable	
	Lien Heng Investment Co., Ltd.	53.58%
Teng Ta Investment Co., Ltd.	Miao Kao Venture Capital Investment Co., Ltd.	45.87%
	Li-Chuang Tu	0.55%
	Chiao Hua International Investment Co., Ltd.	45.79%
	Lien Heng Investment Co., Ltd.	37.14%
Lian Ta Investment Co., Ltd.	Chiu Ta Investment Co., Ltd.	14.02%
	Hsing Tsai Investment Co., Ltd.	2.58%
	Li-Chuang Tu	0.47%
Singapore Government Investment Account in the custody of Citibank (Taiwan)	Not applicable	

(IV) The professional knowledge and independence of the directors

Date of information: January 1, 2022

Qualification Name	Professional qualification and experience (Note 1)	Compliance of independence (Note 2)	Number of positions as an Independent Director in other public listed companies
The 11 th Board of Directors Yuanta Financial Holdings Co., Ltd. Representative: Tien-Fu Lin	Chairman Tien-Fu Lin served as the President of Yuanta Polaris Securities, the Director of Yuanta Financial Holdings, the Vice Chairman of Yuanta Securities Finance, the Director and President of Fuhua Securities, the Director and Executive Vice President of Yuanta Securities, and the Chairman of Ding Fu Securities. Chairman Tien-Fu Lin has expertise in business management, leadership and decision-making, and accounting. Chairman Lin has served the Group for over 40 years and is an Independent Director of the biotechnology industry with the expertise and experience accumulated in business management, leadership and decision-making, accounting, and corporate governance; also, he does not meet the stipulations stated in Article 30 of the Company Act.	<p>During the two years before being elected or during the term of office, Chairman Tien-Fu Lin did not have any of the following:</p> <p>Employed by the company or any of its affiliated companies;</p> <p>A natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.</p> <p>A managerial officer of the Company or the Company's associates, or a director, supervisor, the principal and the principal's spouse, minor children of the Company's associates, or a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of 1% or more of the total number of issued shares of the Company, or a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of a natural person shareholder ranking in the top-10 in holdings;</p> <p>A director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act.</p> <p>If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: a director, supervisor, or employee of that other company.</p> <p>If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: a director (or governor), supervisor, or employee of that other company or institution.</p> <p>Director, supervisor, manager, or shareholder with more than 5% ownership interest in any company or institution that has financial or business relationship with the company.</p> <p>A professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or</p>	1

Qualification Name	Professional qualification and experience (Note 1)	Compliance of independence (Note 2)	Number of positions as an Independent Director in other public listed companies
		any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof. There is not a spouse or relative within the second degree of kinship with the directors and independent directors.	
The 11 th Board of Directors Yuanta Financial Holdings Co., Ltd. Representative: Hsiao-Ling Chou	Ms. Hsiao-Ling Chou was the Director and Vice President of OCBC Bank, the President of the Brokerage Division of Polaris Securities, and the Executive Junior VP and Spokesperson of Polaris Investment Trust. Ms. Hsiao-Ling Chou graduated from the Department of Finance of the National Taiwan University. She has worked for the Company over 20 years and experienced several domestic and foreign mergers and acquisitions with ample experience accumulated in securities, futures, and other financial services, as well as professional skills in business management, leadership, decision-making, and financial banking; furthermore, she does not meet the stipulations stated in Article 30 of the Company Act.	During the two years before being elected or during the term of office, Vice Chairman Hsiao-Ling Chou did not have any of the following: A natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings. If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: a director (or governor), supervisor, or employee of that other company or institution. Director, supervisor, manager, or shareholder with more than 5% ownership interest in any company or institution that has financial or business relationship with the company. A professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof. There is not a spouse or relative within the second degree of kinship with the directors and independent directors.	1
The 11 th Board of Directors Yuanta Financial Holdings Co., Ltd. Representative: Hsien-Tao Chiu	Mr. Hsien-Tao Chiu served as the Chairman of Taichung Bank Securities Investment Trust Co., Ltd., Executive Director of Asian Pacific National Bank, Director of Gold Asia Pacific Investment Trust, Chairman of Gold Asia Pacific Leasing, and Acting Chairman of Fu-An	During the two years before being elected or during the term of office, Director Hsien-Tao Chiu did not have any of the following: Employed by the company or any of its affiliated companies; A natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or	0

<div>Qualification</div> <div>Name</div>	Professional qualification and experience (Note 1)	Compliance of independence (Note 2)	Number of positions as an Independent Director in other public listed companies
	<p>Insurance Agency.</p> <p>Mr. Hsien-Tao Chiu graduated from the Department of Business Administration of Southwestern University in the United States and has been deeply involved in the financial industry for decades, including financial holding, banking, securities, and insurance industries; also, is with profound professional capability in business management, leadership, decision-making, and corporate governance; also, he does not meet the stipulations stated in Article 30 of the Company Act.</p>	<p>more of the total number of issued shares of the company or ranking in the top 10 in holdings.</p> <p>A managerial officer of the Company or the Company's associates, or a director, supervisor, the principal and the principal's spouse, minor children of the Company's associates, or a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of 1% or more of the total number of issued shares of the Company, or a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of a natural person shareholder ranking in the top-10 in holdings;</p> <p>If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: a director (or governor), supervisor, or employee of that other company or institution.</p> <p>Director, supervisor, manager, or shareholder with more than 5% ownership interest in any company or institution that has financial or business relationship with the company.</p> <p>A professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof.</p> <p>There is not a spouse or relative within the second degree of kinship with the directors and independent directors.</p>	
<p>The 11th Board of Directors</p> <p>Yuanta Financial Holdings Co., Ltd.</p> <p>Representative: Yueh-Tsang Li</p>	<p>Mr. Yueh-Tsang Li served as a director of Yuanta Financial Holding Company, a director of Yuanta Jinghua Securities Company, and the chairman of Tiffit Securities Company.</p> <p>Mr. Yueh-Tsang Li graduated from the Department of Applied Sociology of Toyo University in Japan and had served as a director of the financial and construction industry. He has professional capability in business management,</p>	<p>During the two years before being elected or during the term of office, Director Yueh-Tsang Li did not have any of the following:</p> <p>Employed by the company or any of its affiliated companies;</p> <p>A natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.</p> <p>A managerial officer of the Company or the Company's associates, or a director, supervisor, the principal and the principal's spouse, minor children</p>	0

Qualification Name	Professional qualification and experience (Note 1)	Compliance of independence (Note 2)	Number of positions as an Independent Director in other public listed companies
	<p>leadership, decision-making and a profound background in the financial industry; moreover, he does not meet the stipulations stated in Article 30 of the Company Act.</p>	<p>of the Company's associates, or a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of 1% or more of the total number of issued shares of the Company, or a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of a natural person shareholder ranking in the top-10 in holdings;</p> <p>If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: a director (or governor), supervisor, or employee of that other company or institution.</p> <p>Director, supervisor, manager, or shareholder with more than 5% ownership interest in any company or institution that has financial or business relationship with the company.</p> <p>A professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof.</p> <p>There is not a spouse or relative within the second degree of kinship with the directors and independent directors.</p>	
<p>The 11th Board of Directors Yuanta Financial Holdings Co., Ltd. Representative: Kuo-Tsun Hsu</p>	<p>Mr. Kuo-Tsun Hsu served as the Executive VP of Yuanta Futures and the VP of Polaris Man Futures.</p> <p>Mr. Kuo-Tsun Hsu graduated from the Department of Finance of the National Taiwan University. He has worked for the Company for more than ten years with sufficient experience accumulated in securities, futures, and other financial services, as well as business management, leadership, decision-making, and a profound background in the financial industry; furthermore, he does not meet the stipulations stated in Article 30 of the</p>	<p>During the two years before being elected or during the term of office, Director Kuo-Tsun Hsu did not have any of the following:</p> <p>A natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.</p> <p>A director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act.</p> <p>If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: a director, supervisor, or</p>	<p>0</p>

<div>Qualification</div> <div>Name</div>	Professional qualification and experience (Note 1)	Compliance of independence (Note 2)	Number of positions as an Independent Director in other public listed companies
	Company Act.	<p>employee of that other company.</p> <p>If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: a director (or governor), supervisor, or employee of that other company or institution.</p> <p>Director, supervisor, manager, or shareholder with more than 5% ownership interest in any company or institution that has financial or business relationship with the company.</p> <p>A professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof.</p> <p>There is not a spouse or relative within the second degree of kinship with the directors and independent directors.</p>	
<p>The 11th Board of Directors</p> <p>Yuanta Financial Holdings Co., Ltd.</p> <p>Representative: Mei-Ling Kuo</p>	<p>Ms. Mei-Ling Kuo served as the manager of The Syscom Group and the Executive Vice President of Capital Securities Corporation.</p> <p>Ms. Mei-Ling Kuo graduated from the Executive Master of Business Administration of National Chengchi University. She worked in the information and securities-related industries with related experience accumulated in finance and digital finance, as well as the professional capability in business management, leadership, decision-making, and corporate management; furthermore, she does not meet the stipulations stated in Article 30 of the Company Act.</p>	<p>During the two years before being elected or during the term of office, Director Mei-Ling Kuo did not have any of the following:</p> <p>A natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.</p> <p>If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: a director (or governor), supervisor, or employee of that other company or institution.</p> <p>Director, supervisor, manager, or shareholder with more than 5% ownership interest in any company or institution that has financial or business relationship with the company.</p> <p>A professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years</p>	0

<div>Qualification</div> <div>Name</div>	Professional qualification and experience (Note 1)	Compliance of independence (Note 2)	Number of positions as an Independent Director in other public listed companies
		<p>has received cumulative compensation exceeding NT\$500,000, or a spouse thereof.</p> <p>There is not a spouse or relative within the second degree of kinship with the directors and independent directors.</p>	
<p>The 11th Independent Director Yu-Chun Wu</p>	<p>Mr. Yu-Chun Wu was the Director of the Securities and Futures Bureau of the Financial Supervisory Commission and the President of TPEx for more than ten years with ample experience accumulated in securities, futures, and financial supervisory matters; also, he had once served as the Independent Director of Chun Zu Machinery Industry, Independent Director of Taiwan Mask Corp., etc. He is with professional capability in business management, leadership, decision-making, and financial banking; also, meets the professional qualification requirements stated in Article 2 of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies;” furthermore, he does not meet the stipulations stated in Article 30 of the Company Act and not elected on behalf of the government, juristic person, or their representatives as stated in Article 27 of the Company Act.</p> <p>Mr. Yu-Chun Wu graduated from the College of Management of National Taiwan University.</p>	<p>During the two years before being elected or during the term of office, Director Yu-Chun Wu did not have any of the following:</p> <p>Employed by the company or any of its affiliated companies;</p> <p>A natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.</p> <p>A managerial officer of the Company or the Company's associates, or a director, supervisor, the principal and the principal's spouse, minor children of the Company's associates, or a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of 1% or more of the total number of issued shares of the Company, or a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of a natural person shareholder ranking in the top-10 in holdings;</p> <p>A director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act.</p> <p>If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: a director (or governor), supervisor, or employee of that other company or institution.</p> <p>Director, supervisor, manager, or shareholder with more than 5% ownership interest in any company or institution that has financial or business relationship with the company.</p> <p>A professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related</p>	<p>1</p>

Qualification Name	Professional qualification and experience (Note 1)	Compliance of independence (Note 2)	Number of positions as an Independent Director in other public listed companies
		<p>services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof.</p> <p>There is not a spouse or relative within the second degree of kinship with the directors and independent directors.</p> <p>The government, juristic person, or their representatives elected as a director or supervisor pursuant to Article 27 of the Company Act</p> <p>Mr. Yu-Chun Wu, independent auditor, who concurrently serves as an independent director of Yuanta Securities Co., Ltd., a subsidiary of the same parent company, but complies with Article 3, Paragraph 2 of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies;” therefore, he meets the requirement of independence as stipulated in Article 3 of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.”</p>	
The 11 th Independent Director Nai-Kuan Huang	<p>Mr. Nai-Kuan Huang served as the Vice President and Chief Information Officer of Taiwan Stock Exchange, and Vice President of Taiwan Futures Exchange for more than seven years with extensive experience accumulated in securities and futures. In addition, he served as the Chairman of Taiwan Ratings Corporation, the VP and public welfare Supervisor of Taiwan Futures Exchange, the Chairman of Taiwan-CA Inc., and the Independent Director of Yuanta Securities Co., Ltd. He meets the professional qualification requirements stated in Article 2 of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies;” furthermore, he does not meet the stipulations stated in Article 30 of the Company Act and not elected on behalf of the government, juristic person, or their representatives as stated in Article 27 of the Company Act.</p> <p>Mr. Nai-Kuan Huang received</p>	<p>During the two years before being elected or during the term of office, Independent Director Nai-Kuan Huang did not have any of the following:</p> <p>Employed by the company or any of its affiliated companies;</p> <p>A natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.</p> <p>A managerial officer of the Company or the Company's associates, or a director, supervisor, the principal and the principal's spouse, minor children of the Company's associates, or a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of 1% or more of the total number of issued shares of the Company, or a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of a natural person shareholder ranking in the top-10 in holdings;</p> <p>A director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act.</p>	1

Qualification Name	Professional qualification and experience (Note 1)	Compliance of independence (Note 2)	Number of positions as an Independent Director in other public listed companies
	a Ph.D. degree in Electrical Engineering from the University of Southern California.	<p>If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: a director (or governor), supervisor, or employee of that other company or institution.</p> <p>Director, supervisor, manager, or shareholder with more than 5% ownership interest in any company or institution that has financial or business relationship with the company.</p> <p>A professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof.</p> <p>There is not a spouse or relative within the second degree of kinship with the directors and independent directors.</p> <p>The government, juristic person, or their representatives elected as a director or supervisor pursuant to Article 27 of the Company Act</p> <p>Mr. Nai-Kuang Huang, an independent director, has also served as an independent director of Yuanta Securities Co., Ltd., another subsidiary of the same parent company, two years before the election, but he complies with the provisions of Article 3, Paragraph 2 of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies;” therefore, he meets the requirement of independence as stipulated in Article 3 of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.”</p>	
The 11 th Independent Director Hui-Erh Yuan	Ms. Hui-Erh Yuan has been a certified public accountant for more than 30 years. She served as a partner accountant of PwC Taiwan, the Chairman of PricewaterhouseCoopers’ Corporate Finance & Recovery Group, and an Executive of the CPA ASSOCIATIONS R.O.C. (TAIWAN) with professional skills accumulated in accounting. She meets the requirement of professional	<p>During the two years before being elected or during the term of office, Independent Director Hui-Erh Yuan did not have any of the following:</p> <p>Employed by the company or any of its affiliated companies;</p> <p>Director or supervisor of the Company or its affiliates;</p> <p>A natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the</p>	1

<div>Qualification</div> <div>Name</div>	Professional qualification and experience (Note 1)	Compliance of independence (Note 2)	Number of positions as an Independent Director in other public listed companies
	<p>qualification as stipulated in Article 2 of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies,” furthermore, she does not meet the stipulations stated in Article 30 of the Company Act and not elected on behalf of the government, juristic person, or their representatives as stated in Article 27 of the Company Act.</p> <p>Ms. Hui-Erh Yuan holds a master’s degree in accounting from the University of Missouri and a master’s degree in business administration from Southern Illinois University.</p>	<p>company or ranking in the top 10 in holdings.</p> <p>A managerial officer of the Company or the Company’s associates, or a director, supervisor, the principal and the principal’s spouse, minor children of the Company’s associates, or a natural-person shareholder who holds shares, together with those held by the person’s spouse, minor children, or held by the person under others’ names, in an aggregate of 1% or more of the total number of issued shares of the Company, or a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of a natural person shareholder ranking in the top-10 in holdings;</p> <p>A director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act.</p> <p>If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: a director, supervisor, or employee of that other company.</p> <p>If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: a director (or governor), supervisor, or employee of that other company or institution.</p> <p>Director, supervisor, manager, or shareholder with more than 5% ownership interest in any company or institution that has financial or business relationship with the company.</p> <p>A professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof.</p> <p>There is not a spouse or relative within the second degree of kinship with the directors and independent directors.</p> <p>The government, juristic person, or their representatives elected as a director or supervisor pursuant to Article 27 of the Company Act</p>	

(V) Diversity and independence of directors

According to Article 20, Paragraph 3 of the Company's "Corporate Governance Best Practice Principles," the composition of the Company's board of directors shall be determined by taking diversity into consideration, except that the number of directors who also serve as the managerial officers of the Company shall not exceed one-third of all board directors, and formulating an appropriate policy on diversity based on the Company's business operations, operating dynamics, and development needs. It is advisable that the policy includes, without being limited to, the following two general standards:

1. Basic conditions and values: Gender, age, nationality, and culture.
2. Professional knowledge and skills: Professional background (such as, law, accounting, industry, finance, marketing, or technology), professional skills, and industrial experience.

In addition, according to Article 20, Paragraph 4 of the Company's "Corporate Governance Best Practice Principles," the Company's board directors shall generally possess the knowledge, skills, and competences necessary to perform their duties. Overall, the Board of Directors shall have the following capabilities to achieve the desirable goal of corporate governance:

1. Operating judgment
2. Accounting and financial analysis
3. Management capability
4. Crisis management capabilities
5. Professional knowledge of futures and financial derivatives
6. International market viewpoint
7. Leadership
8. Decision-making ability
9. Risk management knowledge and ability

The Company has 9 board directors, including 3 independent directors and 6 directors, of which, female directors accounted for 33% and board directors with employee status accounted for 11%. Furthermore, Mr. Yu-Chun Wu, independent director, had held an important position to serve in financial supervision agencies and peripheral businesses with ample experience accumulated in financial practice. Mr. Nai-Kuan Huang, independent director, had held an important position to serve in securities businesses with ample experience accumulated in information-related business. Ms. Hui-Erh Yuan, independent director, is a certified public accountant and serves as an independent director of the Company with accounting profession.

In terms of the Company's management goal in director diversity policy, there are 2 male independent directors and 1 female independent director elected in the 11th term of office, which achieves the Company's goal of having 1 female independent director elected. Currently, there are 3 female directors, accounted for one-third of the quorum of the board directors. Moreover, each gender director of the Company accounts for more than one-third of the board directors, achieving the management goal in having gender composition of the board of directors diversified. In addition, 11% of the Company's board directors are employees of the Company; also, 1 director falls in the age group of 41~50 years old, 3 directors in the age group of 51~60 years old, and 5 directors in the age group of 61 years old or older. A policy of diversity has been implemented with respect to the basic conditions and values of the board of directors.

In addition, In terms of professional ability and industrial experience, the Company's board directors have various professional capabilities, including business management,

leadership and decision-making, accounting, financial banking, corporate management, information technology, etc., and have experience in finance, technology, biotechnology, and trade. Of which, Chairman Tien-Fu Lin is with the expertise in business management, leadership and decision-making, and accounting; furthermore, he has served the Group for more than 40 years and is an independent director of the biotechnology industry; therefore, he has the expertise and experience in business management, leadership and decision-making, accounting, and corporate governance. Ms. Hsiao-Ling Chou, Vice Chairman, has worked for the Company over 20 years and experienced several domestic and foreign mergers and acquisitions with ample experience accumulated in securities, futures, and other financial services, as well as professional skills in business management, leadership, decision-making, and financial banking. Mr. Hsien-Tao Chiu, Director, has been engaged in the financial industry for decades, participating in financial holding, banking, securities, and insurance industries with the professional capability, such as, business management, leadership and decision-making and corporate governance to contribute. Mr. Yueh-Tsang Li, Director, has professional capabilities in business management and leadership and decision-making; also, he has served as a director of a company in the field of finance by taking advantage of his financial background. Mr. Kuo-Tsun Hsu, Director, has worked for the Company for more than ten years with ample experience accumulated in securities, futures, and other finance; also, he has professional capabilities in business management, leadership and decision-making and financial banking. Ms. Mei-Ling Kuo, Director, served in information and securities-related industry, she has experience in finance and digital finance with professional ability accumulated in business management, leadership and decision-making, and enterprise management. Mr. Yu-Chun Wu, Independent Director, had held an important position with financial supervisory institutions and peripheral businesses with ample experience accumulated in securities, futures, and financial supervisory and corporate governance matters, as well as professional capability in business management, leadership and decision-making, and financial banking. Mr. Nai-Kuan Huang, independent director, holds an important position with a securities peripheral business, and has professional capability in information and electrical engineering. Ms. Hui-Erh Yuan, independent director, is a certified public accountant. She served as a partner accountant at CPA firms with professional skills accumulated in accounting. In summary, the Company's board directors meet the board diversity policy stipulated in the Company's "Corporate Governance Best Practice Principles" in the respect of professional knowledge and skills.

There is not a relationship of spouse or a family relationship in the second degree of kinship between the Company's directors and independent directors, which complies with Article 26-3, Paragraphs 3 and Paragraph 4 of the Securities and Exchange Act, indicating that the Company's board of directors is independent in its nature.

The realization of diversity policy in the Company's board of directors is as follows:

Date of information: January 1, 2022

Director Name	Basic composition						Professional ability						Industry experience			
	Nationality	Gender	Employee identity	Age			Management	Leadership and decision-making	Accounting	Finance	Business management	Information technology	Financial institutions	Technology industry	Biotechnology industry	Trading business
				40-50	51-60	More than 61 years old										
Tien-Fu Lin Chairman	Republic of China	Male	-			V	V	V	V				V		V	
Hsiao-Ling Chou Vice Chairman	Republic of China	Female	-		V		V	V		V			V	V	V	
Yueh-Tsang Li Director	Republic of China	Male	-			V	V	V		V			V			
Hsien-Tao Chiu Director	Republic of China	Male	-			V	V	V			V		V			V
Kuo-Tsun Hsu Director	Republic of China	Male	V	V			V	V		V			V			
Mei-Ling Kuo Director	Republic of China	Female	-		V		V	V			V		V			
Yu-Chun Wu Independent Director	Republic of China	Male	-			V	V	V		V			V	V		
Nai-Kuan Huang Independent Director	Republic of China	Male	-		V		V	V				V	V	V		
Hui-Erh Yuan Independent Director	Republic of China	Female	-			V	V	V	V							V

Note 1: Professional qualifications and experience: Describe the professional qualification and experience of each board director and supervisor. For the Audit Committee the member who is with accounting or financial expertise, please detail his/her background and work experience in accounting or finance. In addition, please state if he/she is under any of the circumstances as stated in Article 30 of the Company Act.

Note 2: Please state the independence of independent directors, including but not limited to whether they, their spouse, or relatives within the second degree of kinship serve as the directors, supervisors, or employees of the Company or its affiliates; the number of the Company's shares and shareholdings held by the independent directors, their spouses, and relative in the second degree of kinship (or in the name of others); whether they are directors, supervisors, or employees of other companies that have a specific relationship with the Company (please refer to Article 3, Paragraph 1, Subparagraphs 5~8 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies"), and the amount of remuneration they receive for the commercial, legal, financial, accounting or related services provided to the Company or any affiliate of the Company in the past 2 years.

(VI) Background information of the President, Vice Presidents, Assistant Vice Presidents and heads of various departments and branches

Date of information: January 1, 2022

Title	Nationality	Name	Gender	Date elected	Shares held		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current positions in the company and other companies	Spouse or relatives of second degree or closer acting as managers			Remarks (Note 3)
					Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage			Title	Name	Relationship	
President	Republic of China	Kuo-Tsun Hsu	Male	2020/10/29	0	0%	0	0%	0	0%	Executive Vice President, Yuanta Futures Co., Ltd. Master, Banking and Finance, National Taiwan University	None	None	None	None	None
Executive Vice President	Republic of China	Yi-Jui Kao	Male	2020/07/01	0	0%	0	0%	0	0%	Senior Vice President, Managed Futures Department of Yuanta Futures Master of International Business, National Taiwan University	None	None	None	None	None
Executive Vice President	Republic of China	Chun-Chieh Wang	Male	2017/08/01	5,000	0.00%	0	0%	0	0%	Vice President of the Operating Center of Yuanta Securities Co., Ltd. Master, Banking and Finance, National Central University	Director, Yuanta Futures (HK) Co., Limited Chairman, SYF Information Co., Ltd. Director of SYF Information (Shanghai) Limited	None	None	None	None
Senior Vice President of the Domestic Institutions Department	Republic of China	Chia-Ling Tsai	Female	2015/03/01	0	0%	0	0%	0	0%	Vice President, Institution Dept, Polaris Futures Co., Ltd. MBA, National Chiao Tung University	None	None	None	None	None
Senior Vice President, Auditing Dept.	Republic of China	Min-Fang Wu	Male	2019/06/01	46,920	0.02%	0	0%	0	0%	Asst VP, Auditing Office, Yuanta Futures MBA, National Chiayi University	None	None	None	None	None
Information management Senior vice president	Republic of China	Chien-Wan Lai	Male	2020/06/01	27,000	0.01%	0	0%	0	0%	Deputy Manager of TSEC. Master of Water Resources and Environmental Engineering, Tamkang University	Supervisor, SYF Information Co., Ltd.	None	None	None	None
Vice President, Proprietary Trading Dept. (leverage)	Republic of China	Wei-Pin Chuang	Male	2017/04/17	0	0%	0	0%	0	0%	Vice President, Business Division, KGI Securities	None	None	None	None	None

Title	Nationality	Name	Gender	Date elected	Shares held		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current positions in the company and other companies	Spouse or relatives of second degree or closer acting as managers			Remarks (Note 3)
					Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage			Title	Name	Relationship	
transaction merchants)											Master of Economics, Soochow University					
Vice President of the Domestic Institutions Department	Republic of China	Ching-Yi Chang	Female	2018/05/01	20,000	0.01%	0	0%	0	0%	Asst VP, Institution Dept, Yuanta Futures Dept of Business Administration, Shih Chien University	None	None	None	None	None
Vice President of the Overseas Institutional Business Department	Republic of China	Chun-Hao Chang	Male	2018/05/01	20,000	0.01%	0	0%	0	0%	Senior Deputy Manager, Institution Dept., Yuanta Futures Department of Economics, University of Washington, USA	Director, Yuanta Futures (HK) Co., Limited	None	None	None	None
Finance Department Vice President	Republic of China	Liang-Hui Yuan	Female	2020/07/01	0	0%	0	0%	0	0%	Vice President, Finance and Accounting Department, Yuanta Futures Master, Banking and Finance, National Taipei University	None	None	None	None	None
Vice President, Business Department	Republic of China	Shih-Ming Lin	Male	2020/03/01	20,000	0.01%	0	0%	0	0%	Vice President, Network Business Department, Yuanta Futures Master, Banking and Finance, National Chung Hsing University	None	None	None	None	None
Junior VP of Proprietary Trading Department and Dealer	Republic of China	Yu-Hung Chen	Male	2021/10/01	26,024	0.01%	0	0%	0	0%	Senior Asst VP, Research Dept, Yuanta Futures Master, Banking and Finance, National Central University	None	None	None	None	None
Senior Asst VP, Compliance Dept,	Republic of China	Shu-Hui Shih	Female	2021/07/01	0	0%	0	0%	0	0%	Junior VP of the Legal Compliance Department of Yuanta Securities Investment Trust Co., Ltd. Dept of Laws, Soochow University	None	None	None	None	None
Senior Asst VP, Management Department	Republic of China	Hsiu-Ling Chung	Female	2019/06/01	0	0%	0	0%	0	0%	Manager, Management Dept., Yuanta Futures	Project Assistant Manager, Administrative Department,	None	None	None	None

Title	Nationality	Name	Gender	Date elected	Shares held		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current positions in the company and other companies	Spouse or relatives of second degree or closer acting as managers			Remarks (Note 3)
					Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage			Title	Name	Relationship	
											MBA, National Chiayi University	Yuanta Financial Holdings Co., Ltd.				
Senior Asst VP, Accounting Dept.	Republic of China	Hui-Ching Lu	Female	2020/07/01	16,000	0.01%	0	0%	0	0%	Senior Asst VP, Treasury Dept. of Yuanta International Assets Management Co., Ltd. Master, Banking and Finance, National Taiwan University of Science and Technology	None	None	None	None	None
Asst VP, IT Dept.	Republic of China	Hsin-Hsien Li	Male	2017/09/01	0	0%	0	0%	0	0%	Professional Manager, IT Department, Yuanta Futures Co., Ltd., Masters of Information Management, China University of Technology	Director, SYF Information Co., Ltd.	None	None	None	None
Assistant Manager of Network Business Department	Republic of China	Feng-An Liu	Male	2021/06/01	0	0%	0	0%	0	0%	Yuanta Futures Co., Ltd. Taichung Branch Assistant Manager Dept. of International Business and Trade , National Tamkang University	None	None	None	None	None
Asst VP, Risk Management Dept	Republic of China	Wei-Ching Chien	Female	2020/05/01	16,000	0.01%	0	0%	0	0%	Asst VP, Risk Management Department, Yuanta Futures Department of Economics, York University, Canada	Project Assistant Manager, Risk Management Department, Yuanta Financial Holdings Co., Ltd. Director of Yuanta Securities (Thailand) Co., Ltd. Director of Yuanta Securities (Vietnam) Co., Ltd.	None	None	None	None
Senior Manager of International Business and Transaction Clearing Department	Republic of China	Chen-Kang Shih	Male	2021/09/15	0	0%	0	0%	0	0%	Senior Specialist of Clearing Department of Taiwan Futures Exchange Master of Business Administration, University of Central Oklahoma, USA	None	None	None	None	None

Title	Nationality	Name	Gender	Date elected	Shares held		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current positions in the company and other companies	Spouse or relatives of second degree or closer acting as managers			Remarks (Note 3)
					Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage			Title	Name	Relationship	
Senior Manager, Clearing Department	Republic of China	Li-Li Lin	Female	2016/08/01	0	0%	0	0%	0	0%	Senior Deputy Manager, Clearing Dept., Yuanta Futures Department of General Business, Chihlee Institute of Technology	None	None	None	None	None
Senior Manger, Customer Service / Trading Department	Republic of China	Chia-Hui Hu	Female	103/03/01	44,881	0.02%	0	0%	0	0%	Deputy Manager, Customer Service and Dealing Dept, Polaris Futures Co., Ltd. Shih Hsin High School of Industry and Commerce – Department of General Business	None	None	None	None	None
Manager of General Planning Department	Republic of China	Chien-Yi Li	Male	2020/03/01	0	0%	0	0%	0	0%	Project Assistant Manager of General Planning Department of Yuanta Securities Co., Ltd. MBA, Ming Chuan University	None	None	None	None	None
Manager of Consulting Department	Republic of China	Fu-Chieh Hsieh	Male	2021/04/16	0	0%	0	0%	0	0%	Professional Manager, Consulting Department, Yuanta Futures Co., Ltd., Bachelor of Information Management Department, Diwan University (DWU)	None	None	None	None	None
Manager, Research Department.	Republic of China	Yi-Chung Hsu	Male	2021/10/01	21,896	0.01%	0	0%	0	0%	Professional Manager, Research Department, Yuanta Futures Co., Ltd., Master, Banking and Finance, National Central University	None	None	None	None	None
Manager, Digital financial Department	Republic of China	Yu-Chen Lin	Female	2021/10/01	0	0%	0	0%	0	0%	Manager, IT Department, Yuanta Futures Master of Information Management, Tatung University	None	None	None	None	None
Hsinchu Branch Manager	Republic of China	Sheng-Wei Wu	Male	2021/04/16	21,896	0.01%	0	0%	0	0%	Senior Manager, Auditing Department, Yuanta Futures Department of Agricultural Marketing, National Chung	None	None	None	None	None

Title	Nationality	Name	Gender	Date elected	Shares held		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current positions in the company and other companies	Spouse or relatives of second degree or closer acting as managers			Remarks (Note 3)
					Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage			Title	Name	Relationship	
											Hsing University					
Taichung Branch Manager	Republic of China	Tsung-Hsiang Chen	Male	2021/04/16	0	0%	0	0%	0	0%	Assistant Vice President of Yuanta Futures Co., Ltd., Hsinchu Branch Department of Ethnology, National Chengchi University	None	None	None	None	None
Tainan Branch Manager	Republic of China	Chen-Ling Hsu	Female	2020/03/01	0	0%	0	0%	0	0%	Senior Manger, Network Business Department of KGI Futures Master of Wealth and Tax Management, National Kaohsiung University of Applied Sciences	None	None	None	None	None
Kaohsiung Branch Manager	Republic of China	Kuo-Liang Wang	Male	2015/09/01	0	0%	0	0%	0	0%	Deputy Manager of Yuanta Securities Co., Ltd. Yiwen Branch Master, Banking and Finance, National Central University	None	None	None	None	None

Note 1: Background information of the President, Vice Presidents, Assistant Vice Presidents, Heads of various departments and Branches; anyone of equivalent authority to the above, regardless of their job titles, shall be disclosed.

Note 2: Previous work experiences relating to their current roles; if the person works in the auditor's firm or in an affiliated company during the aforementioned time period, the job title and responsibilities must be provided.

Note 3: When the President or a person with equivalent positions (the top manager) is also the chairman of the board, the spouse of one another, or relatives in the first degree of kinship, the reason, rationality, necessity, and corresponding measures (such as increasing the number of independent directors, there should be more than half of the directors not concurrently serving as employees or managers, etc.) related information should be disclosed.

Note 4: As of January 31, 2022, the Company had 289,976,288 shares in circulation.

III. Remuneration paid to Directors, the President, and the Vice Presidents in the most recent year

(I) Directors, President's and Vice Presidents' remuneration

1. Directors' remuneration (including Independent Directors) (individual)

Unit: thousand dollars

Title	Name (Note 1)	Directors' remuneration								The sum of A, B, C and D as a percentage of after-tax profit (Note 10)		Remuneration as an employee								The sum of A, B, C, D, E, F and G as a percentage of after-tax net profit (Note 10)		Remuneration from invested businesses other than the subsidiaries or parent company (Note 11)
		Remuneration (A) (Note 2)		Pension (B)		Remuneration to directors (C) (Note 3)		Fees for services rendered (D) (Note 4)				Salaries, bonuses, special allowances etc. (E) (Note 5)		Pension (F)		Remuneration to employees (G) (Note 6)						
		The Company	All companies shown in the financial report (Note 7)	The Company	All companies shown in the financial report (Note 7)	The Company	All companies shown in the financial report (Note 7)	The Company	All companies shown in the financial report (Note 7)	The Company	All companies shown in the financial report (Note 7)	The Company	All companies shown in the financial report (Note 7)	The Company	All companies shown in the financial report (Note 7)	The Company		All companies shown in the financial report (Note 7)		The Company	All companies shown in the financial report (Note 7)	
Cash amount	Stock amount															Cash amount	Stock amount					
Chairman	Name of corporate shareholder: Yuanta Financial Holding Co., Ltd. Representative: Tien-Fu Lin	37,000	37,000					275	275	37,275 4.33%	37,275 4.33%									37,275 4.33%	37,275 4.33%	None
Vice Chairman	Name of corporate shareholder: Yuanta Financial Holding Co., Ltd. Representative: Hsiao-Ling Chou	17,935	17,935					302	302	18,237 2.12%	18,237 2.12%									18,237 2.12%	18,237 2.12%	2,070

Details:

- Please state the remuneration policy, system, standard, and structure of independent directors; also, state the relevance to the amount of remuneration based on the responsibilities, risks, devoted time, and other factors: The board of directors is authorized to determine the monthly remuneration of the company's independent directors by referring to the remuneration standard of the industry; also, independent directors do not participate in the distribution of remuneration to the company's directors.
- In addition to the disclosure in the preceding paragraph, the remuneration paid to the directors for providing services to the Company (such as, serving as a consultant without an employee capacity to all the companies/invested companies of the parent company or in the consolidated financial statements) in the most recent year.

2. Directors' remuneration (including Independent Directors) (summarized)

Unit: thousand dollars

Title		Name	Directors' remuneration								The sum of A, B, C and D as a percentage of after-tax profit (Note 10)		Remuneration as an employee								The sum of A, B, C, D, E, F and G as a percentage of after-tax net profit (Note 10)		Remuneration from invested businesses other than the subsidiaries or parent company (Note 11)	
			Remuneration (A) (Note 2)		Pension (B)		Remuneration to directors (C) (Note 3)		Fees for services rendered (D) (Note 4)				Salaries, bonuses, special allowances etc. (E) (Note 5)		Pension (F)		Remuneration to employees (G) (Note 6)							
			The Company	All companies shown in the financial report (Note 7)	The Company	All companies shown in the financial report (Note 7)	The Company	All companies shown in the financial report (Note 7)	The Company	All companies shown in the financial report (Note 7)	The Company	All companies shown in the financial report (Note 7)	The Company	All companies shown in the financial report (Note 7)	The Company	All companies shown in the financial report (Note 7)	The Company		All companies shown in the financial report (Note 7)		The Company	All companies shown in the financial report (Note 7)		
																		Cash amount	Stock amount	Cash amount	Stock amount			
Director	Director co-headed President	Name of corporate shareholder: Yuanta Financial Holding Co., Ltd. Representative: Kuo-Tsun Hsu							864	864	864 0.10%	864 0.10%	12,884	12,884			15		15		13,763 1.60%	13,763 1.60%	7,729	
	Director	Name of corporate shareholder: Yuanta Financial Holding Co., Ltd. Representative: Yueh-Tsang Li																						
	Director	Name of corporate shareholder: Yuanta Financial Holding Co., Ltd. Representative: Hsien-Tao Chiu																						
	Director	Name of corporate shareholder: Yuanta Financial Holding Co., Ltd. Representative: Mei-Ling Kuo																						
Independent Director	Independent Director	Yu-Chun Wu (Note 2-(1))	6,134	6,134					710	710	6,844 0.80%	6,844 0.80%									6,844 0.80%	6,844 0.80%	None	
	Independent Director	Cho-Min Yu (Note 2-(2))																						
	Independent Director	Nai-Kuan Huang																						

	Independent Director	ui-Erh Yuan																					
Details: 1. Please state the remuneration policy, system, standard, and structure of independent directors; also, state the relevance to the amount of remuneration based on the responsibilities, risks, devoted time, and other factors: The board of directors is authorized to determine the monthly remuneration of the company's independent directors by referring to the remuneration standard of the industry; also, independent directors do not participate in the distribution of remuneration to the company's directors. 2. In addition to the disclosure in the preceding paragraph, the remuneration paid to the directors for providing services to the Company (such as, serving as a consultant without an employee capacity to all the companies/invested companies of the parent company or in the consolidated financial statements) in the most recent year: (1) Independent Director Yu-Chun Wu took office on July 5, 2021. (2) Independent Director Zho-min Yu relieved from office on July 5, 2021. (3) In 2021, a total of one directors' driver was provided with a total remuneration of \$655, which was not included in the remuneration of the directors.																							

3. Table of remuneration brackets of Directors (including Independent Directors)

Remunerations to individual directors in respective brackets along the salaries scale	Name of director			
	The total of the aforementioned 4 items (A+B+C+D)		The total of the aforementioned 7 items (A+B+C+D+E+F+G)	
	The Company (Note 8)	All companies shown in the financial report (Note 9) H	The Company (Note 8)	All companies shown in the financial report (Note 9) I
<NT\$1,000,000	Yu-Chun Wu; Yueh-Tsang Li; Hsien-Tao Chiu; Mei-Ling Kuo; Kuo-Tsun Hsu	Yu-Chun Wu; Yueh-Tsang Li; Hsien-Tao Chiu; Mei-Ling Kuo; Kuo-Tsun Hsu	Yu-Chun Wu; Yueh-Tsang Li; Hsien-Tao Chiu; Mei-Ling Kuo	Yu-Chun Wu; Mei-Ling Kuo
NT\$1,000,000 ~ NT\$2,000,000 (exclusive)	Cho-Min Yu	Cho-Min Yu	Cho-Min Yu	Cho-Min Yu
NT\$2,000,000 ~ NT\$3,500,000 (exclusive)	Hui-Erh Yuan; Nai-Kuan Huang	Hui-Erh Yuan; Nai-Kuan Huang	Hui-Erh Yuan; Nai-Kuan Huang	Hui-Erh Yuan; Nai-Kuan Huang
NT\$3,500,000 ~ NT\$5,000,000 (exclusive)				Yueh-Tsan Li; Hsien-Tao Chiu
NT\$5,000,000 ~ NT\$10,000,000 (exclusive)				
NT\$10,000,000 ~ NT\$15,000,000 (exclusive)			Kuo-Tsun Hsu	Kuo-Tsun Hsu
NT\$15,000,000 ~ NT\$30,000,000 (exclusive)	Hsiao-Ling Chou	Hsiao-Ling Chou	Hsiao-Ling Chou	Hsiao-Ling Chou
NT\$30,000,000 ~ NT\$50,000,000 (exclusive)	Tien-Fu Lin	Tien-Fu Lin	Tien-Fu Lin	Tien-Fu Lin
NT\$50,000,000 ~ NT\$100,000,000 (exclusive)				
> NT\$100,000,000				
Total	10 persons	10 persons	10 persons	10 persons

Note 1: The names of directors should be listed separately (the name of corporate shareholders representatives should be listed separately); the name of the general directors and independent directors should also be listed separately, and each payment amount should be disclosed in a summary manner. If the board director is also the President or Vice President of the Company, please fill in this table and table (3-2-1) or (3-2-2).

Note 2: Refers to Director's remuneration in the latest year (including salaries, work subsidies, severance pay, various bonuses and incentives etc.).

Note 3: It is the remuneration of directors resolved by the Board of Directors in the most recent year (if it is not yet resolved by the Board of Directors, please fill in the amount audited by the public certified accountant).

Note 4: Refers to compensations for services rendered (including travel, special allowances, various subsidies, accommodation, corporate vehicle and other items). If houses, cars or other vehicles, or personal allowances were granted, please describe the nature and cost of assets, their rental rates calculated based on actual or fair value, and details on petrol and other subsidies. If personal drivers were allocated, please make a footnote disclosure of the salaries made to these driver, but do not count them as part of the beneficiaries' remuneration.

- Note 5: Remunerations received by directors who have also worked in the capacity as employees (including the position of President, Vice President, managers, and employees), including, salaries, subsidies, severance pay, bonus, awards, traveling subsidy, special subsidy, different forms of subsidies, accommodation, company car, and other supplies in kind. If houses, cars or other vehicles, or personal allowances were granted, please describe the nature and cost of assets, their rental rates calculated based on actual or fair value, and details on petrol and other subsidies. If personal drivers were allocated, please make a footnote disclosure of the salaries made to these driver, but do not count them as part of the beneficiaries' remuneration. The salary expense recognized in accordance with IFRS 2, "Share-Based Payment", including ESO, RS, and participation in subscription of new shares for raising capital, etc.
- Note 6: For the directors who are also employees (including President, Vice President, managers, and staff) of the Company in the most recent year with remuneration received (including stock and cash), the remuneration amount to employees resolved in the board meeting in the most recent year should be disclosed. If the remuneration amount cannot be estimated, the amount to be distributed this year is to be estimated proportionally to the actual amount distributed last year. (If it is not yet approved by the board of directors, please fill in the amount audited by the CPAs).
- Note 7: The disclosure should cover all companies included in the consolidated financial statements (including The Company); present the total amount of remuneration paid by all companies above to The Company's Directors.
- Note 8: The amount of remuneration made by The Company to each Director is disclosed separately in amount ranges.
- Note 9: The total amount of remunerations to each director of the Company under the consolidated financial statement (including the Company) shall be disclosed with the disclosure of the names of the directors falling in relevant brackets.
- Note 10: Earnings shall refer to the net income after taxation of the separate entities or in separate financial statements in the most recent fiscal year.
- Note 11: a. Please clearly indicate the amount of remuneration received by the Company's directors from the reinvested companies other than the subsidiary or from the parent company in this column (if not, please fill in "none").
- b. For Directors who receive remuneration from invested businesses other than subsidiaries or parent company, the amount of remuneration from these invested businesses or parent company should be added to column I of the Remuneration brackets table. Change the name of column I to "parent company and all invested businesses".
- c. Remuneration refers to any returns, compensation (including remuneration to Employees, Directors and Supervisors), professional fees etc. which The Company's Directors have received for serving as directors, supervisors, or managers in invested businesses other than subsidiaries or parent company.
- * The basis of remuneration disclosed above is different to the basis required by the income tax law; hence the above table has been prepared solely for information disclosure, and not for tax purposes.

4. Remuneration to the President and Vice President

Title	Name (Note 1)	Salary (A) (Note 2)		Pension (B)		Bonuses and allowances etc. (C) (Note 3)		Remuneration to employees (D) (Note 4)				The sum of A, B, C, and D as a percentage of after-tax net profit (%) (Note 8)		Remuneration from invested businesses other than the subsidiaries or parent company (Note 9)
		The Company	All companies contained in the financial report (Note 5)	The Company	All companies contained in the financial report (Note 5)	The Company	All companies contained in the financial report (Note 5)	The Company		All companies contained in the financial report (Note 5)		The Company	All companies contained in the financial report (Note 5)	
								Cash amount	Stock amount	Cash amount	Stock amount			
President	Kuo-Tsun Hsu	24,813	38,741			32,923	35,102	150		150		57,886 6.73%	73,993 8.60%	None
Executive Vice President	Yi-Jui Kao													
Executive Vice President	Chun-Chieh Wang													
Senior Vice Presidents	Chia-Ling Tsai													
Senior Vice Presidents	Chien-Wan Lai													
Vice President	Wei-Pin Chuang													
Senior Vice Presidents	Min-Fang Wu													
Vice President	Chun-Hao Chang													
Vice President	Ching-Yi Chang													
Vice President	Liang-Hui Yuan													
Vice President	Shih-Ming Lin													
(Yuanta Futures (Hong Kong) Limited) President	Chun-Hsing Jen													
(Yuanta Futures (Hong Kong) Limited) COO	Fu-Chi Hsieh													
(Yuanta Futures (Hong Kong) Limited) Vice President	Ying-Cheng Lin													

Note: In the financial statements, the remunerations for all companies, including for Yuanta Futures Hong Kong, were converted at the exchange rate quoted as of 2021/12/31, i.e., HKD: TWD=1:3. 5507.

5. Table of remunerations brackets to the President and Vice President

Unit: NTD thousand

The brackets of remunerations to all Presidents and Vice Presidents of the Company	Names of the Presidents and the Vice Presidents	
	The Company (Note 6)	All companies shown in the financial report (Note 7) E
<NT\$1,000,000		
NT\$1,000,000 ~ NT\$2,000,000 (exclusive)		
NT\$2,000,000 ~ NT\$3,500,000 (exclusive)	Shih-Ming Lin; Wei-Pin Chuang	Shih-Ming Lin; Wei-Pin Chuang; Fu-Chi Hsieh
NT\$3,500,000 ~ NT\$5,000,000 (exclusive)	Chun-Chieh Wang; Chia-Ling Tsai; Chien-Wan Lai; Min-Fang Wu; Chun-Hao Chang; Ching-Yi Chang; Liang-Hui Yuan	Chun-Chieh Wang; Chia-Ling Tsai; Chien-Wan Lai; Min-Fang Wu; Chun-Hao Chang; Ching-Yi Chang; Liang-Hui Yuan
NT\$5,000,000 ~ NT\$10,000,000 (exclusive)	Yi-Jui Kao	Yi-Jui Kao; Chun-Hsing Jen; Ying-Cheng Lin
NT\$10,000,000 ~ NT\$15,000,000 (exclusive)	Kuo-Tsun Hsu	Kuo-Tsun Hsu
NT\$15,000,000 ~ NT\$30,000,000 (exclusive)		
NT\$30,000,000 ~ NT\$50,000,000 (exclusive)		
NT\$50,000,000 ~ NT\$100,000,000 (exclusive)		
> NT\$100,000,000		
Total	11 persons	14 persons

- Note 1: The names of the President and Vice Presidents should be presented separately; the amount of benefits and allowances can be presented in aggregate sums. If the board director is also the President or Vice President of the Company, please fill in this table and table (1-1) or above tabl (1-2-1) and (1-2-2).
- Note 2: Refers to salaries, work subsidies, and severance pay made to the General manager and Vice Presidents in the latest year.
- Note 3: Refers to other compensations such as bonuses, incentives, travel allowances, special allowances, various subsidies, accommodation, corporate vehicle or other items made to the President and Vice Presidents. If houses, cars or other vehicles, or personal allowances were granted, please describe the nature and cost of assets, their rental rates calculated based on actual or fair value, and details on petrol and other subsidies. If personal drivers were allocated, please make a footnote disclosure of the salaries made to these driver, but do not count them as part of the beneficiaries' remuneration. The salary expense recognized in accordance with IFRS 2, "Share-Based Payment", including ESO, RS, and participation in subscription of new shares for raising capital, etc.
- Note 4: Please fill in the remuneration amount to the President and Vice President resolved in the board meeting in the most recent year (including stock and cash). If the remuneration amount cannot be estimated, the amount to be distributed this year is to be estimated proportionally to the actual amount distributed last year. (If it is not yet approved by the board of directors, please fill in the amount audited by the CPAs).
- Note 5: Please disclose the total amount paid to the Company's President and Vice President by the consolidated subsidiaries (including the Company).
- Note 6: The amount of remuneration made by The Company to its President/Vice Presidents is disclosed separately in amount ranges.
- Note 7: The total remunerations to each President and Vice President of all companies in the consolidated financial statements (including the Company), and disclose the names of these Presidents and Vice Presidents in relevant brackets along the scale of remunerations.
- Note 8: Earnings shall refer to the net income after taxation of the separate entities or in separate financial statements in the most recent fiscal year.
- Note 9: a. Please clearly indicate the amount of remuneration received by the Company's general manager and vice president from the reinvested companies other than the subsidiary or from the parent company in this column (if not, please fill in "none").
- b. For President/Vice Presidents who receive remuneration from invested businesses other than subsidiaries or parent company, the amount of remuneration from these invested businesses or parent company should be added to column E of the Remuneration brackets table. Change the name of column E to "parent company and all invested businesses"
- c. Remuneration refers to any returns, compensation (including remuneration to Employees, Directors and Supervisors), professional fees etc. which The Company's President/Vice Presidents have received for serving as directors, supervisors, or managers in invested businesses other than subsidiaries or parent company.
- * The basis of remuneration disclosed above is different to the basis required by the income tax law; hence the above table has been prepared solely for information disclosure, and not for tax purposes.

5. Name of the managers received remuneration and the distribution of remuneration

Distribution base line date: August 5, 2012

	Title (Note 1)	Name (Note 1)	Stock amount	Cash amount	Total	As a percentage of net profit after tax (%)
Manager	President	Kuo-Tsun Hsu	0	322 thousand dollars	322 thousand dollars	0.04%
	Executive Vice President	Yi-Jui Kao				
	Executive Vice President	Chun-Chieh Wang				
	Senior Vice President, IT Department	Chien-Wan Lai				
	Senior Vice President of the Domestic Institutions Department	Chia-Ling Tsai				
	Senior Vice President, Auditing Dept.	Min-Fang Wu				
	Finance Department Vice President	Liang-Hui Yuan				
	Vice President, Proprietary Trading Dept. (leverage transaction merchants)	Wei-Pin Chuang				
	Vice President of the Domestic Institutions Department	Ching-Yi Chang				
	Vice President of the Overseas Institutional Business Department	Chun-Hao Chang				
	Vice President, Business Department	Shih-Ming Lin				
	Senior Asst VP, Accounting Dept.	Hui-Ching Lu				

	Senior Asst VP, Management Department	Hsiu-Ling Chung				
	Senior Asst VP, Research Department.	Yu-Hung Chen				
	Asst VP, Risk Management Dept	Wei-Ching Chien				
	Assistant Manager of Network Business Department	Feng-An Liu				
	Asst VP, IT Dept.	Hsin-Hsien Li				
	Senior Manager, Clearing Department	Li-Li Lin				
	Senior Manger, Customer Service / Trading Department	Chia-Hui Hu				
	Manager of General Planning Department	Chien-Yi Li				
	Manager, Digital financial Department	Yu-Chen Lin				
	Hsinchu Branch Manager	Sheng-Wei Wu				
	Taichung Branch Manager	Feng-An Liu				
	Tainan Branch Manager	Chen-Ling Hsu				
	Kaohsiung Branch Manager	Kuo-Liang Wang				

Note 1: The name and job title of each individual should be disclosed; however, the distribution of earnings can be disclosed aggregately.

Note 2: Please fill in the remuneration amount to the managers resolved in the board meeting in the most recent year (including stock and cash). If the remuneration amount cannot be estimated, the amount to be distributed this year is to be estimated proportionally to the actual amount distributed last year. Corporate earnings shall be the net income after taxation. If IFRS has already been adopted, corporate earnings shall be the net income after taxation of individual entities or individual financial statements.

Note 3: According to Notice Tai-Tsai-Cheng-3 No. 0920001301 dated March 27, 2003, the following managerial roles are subject to reporting:

(1) President and the equals (2) Vice President and the equals (3) Junior V.P. and the equals (4) Director of the Finance Department (5) Director of the Accounting Department (6) Others who are responsible for business management and authorized to sign document on behalf of the Company.

Note 4: If Directors, President, and Vice President collect employee remuneration (including stock and cash), in addition to filling in P36-43 of the remuneration disclosure form, this form shall also be filled out accordingly.

Note 5: The former President Hsiao-Ling Chou has been promoted to the position of “Vice Chairman” since September 23, 2020.

Note 6: The former Executive Vice President Kuo-Tsun Hsu has been promoted to the position of “President” since October 29, 2020.

6. The name, job title, and remuneration amount received of the Top-Ten managers in 2020

Distribution base line date: August 5, 20121

	Title	Name	Stock amount	Cash amount	Total	As a percentage of net profit after tax (%)
Top-Ten employment remuneration receivers	President	Kuo-Tsun Hsu	0	142 thousand dollars	142 thousand dollars	0.02%
	Executive Vice President	Yi-Jui Kao				
	Executive Vice President	Chun-Chieh Wang				
	Senior Vice President of the Domestic Institutions Department	Chia-Ling Tsai				
	Senior Vice President, Auditing Dept.	Min-Fang Wu				
	Finance Department Vice President	Liang-Hui Yuan				
	Vice President, Proprietary Trading Dept. (leverage transaction merchants)	Wei-Pin Chuang				
	Vice President of the Domestic Institutions Department	Ching-Yi Chang				
	Vice President of the Overseas Institutional Business Department	Chun-Hao Chang				
	Vice President, Business Department	Shih-Ming Lin				

(II) The total remunerations to the directors, presidents, and vice presidents of the Company and the companies in the consolidated financial statements in the last 2 years in proportion to the corporate earnings of individual entities or individual financial statements and the analysis and description of the policy, standard, and combination, decision-making procedure of the remunerations, and the association with operation performance and risks of the future:

1. Analysis and interpretation of the total remunerations of directors, general managers, and vice presidents accounted for the net income on entities' or separate financial statements.

Unit: NTD thousand; percentage

Year	After-tax net profit	Directors' remuneration	Directors' remuneration as a percentage of after-tax net profit	President's and Vice Presidents' remuneration	President's and Vice Presidents' remuneration as a percentage of after-tax net profit
2020	1,070,099	76,992	7.19	88,799	8.3
2021	860,282	76,119	8.85	73,993	8.6

2. Policies, standards, packages, and procedures at which remunerations were made, and their association with business performance and risks

(1) Director (including Independent Director)

A. Directors and Independent Directors

The Directors' remuneration policy was created in accordance with the Articles of Incorporation. The Board of Directors has resolved to remunerate Independent Directors with monthly pay at fixed amounts; those who attend Board of Directors meetings will also receive travel subsidies. Other forms of remunerations to Directors is provided according to the Articles of Incorporation. The Board of Directors is authorized to determine remuneration levels for each Director based on their involvements and contributions to The Company's operations, in reference to peer standards. Travel subsidies can also be made depending on their actual attendances to the Board of Directors meetings.

B. Chairman and Vice Chairman

As a guideline, salaries to the Chairman and Vice Chairman shall be set between 50% to 200% of the President's salary. The actual sum is subject to the Remuneration Committee meeting and Board of Directors' approval. The other remunerations and benefits of the Chairman and Vice Chairman shall be determined by the Remuneration Committee and the Board of Directors after considering the personal performance, corporate operational performance, and the reasonableness of future risks; also, taking into account the general remuneration standard of the industry. In addition, the resignation and retirement payment to the Chairman and Vice Chairman is to be determined in accordance with the Company's Articles of Incorporation and the pension plan for the Chairman and Vice Chairman. The Board of Directors is authorized to have it determined depending on their participation in the Company's business operation, their contribution, and the general remuneration standard of the industry.

(2) President and Managers

According to Article 26 of Chapter 4 of the Company's Articles of Incorporation, the Company has one President and several managerial officers appointed whose appointment, dismissal, and remuneration shall be handled in accordance with Article 29 of the Company Act. The appointed President and managerial officers are to manage the Company in accordance with the decisions of the board of directors and relevant laws and regulations comprehensively. The President is to set the annual work objectives and performance evaluation index in accordance with the Company's mid-term and long-term operational strategies and annual operational plan; also, have them reviewed regularly to fulfill the Company's strategic goals, improve the overall

business performance, and increase the return on shareholders' equity.

A. Objectives setting

The company formulates annual operating objectives and business plans in accordance with the Group's overall business strategies and business development attributes.

The President and managers have personal annual work objectives formulated as the basis for performance evaluation in three aspects "policy requirements," "self-reporting," and "designated projects" according to the company's strategic objectives (including sustainable development goals), the company's charter, and the job responsibilities defined in the "Regulations Governing the Investment Businesses."

The content of "self-reporting" should include the following three categories:

I. Departmental key tasks

It is to review and evaluate the connection and achievement of the department business and the company's mid-term and long-term business strategy (including sustainable development goals) and annual operational objectives, such as: the planning and implementation effectiveness of project tasks, CSR (corporate social responsibility) and ESG (Environmental, Social, and Governance) project implementation effectiveness, implementation effectiveness of job assignment, etc.

II. Operation management

It is to review and measure the management capabilities of department heads in planning, organization, leadership, and control, such as: business innovation, work quality, teamwork, review and enhancement of core competence, establishment and management of rules and regulations, and improvement of information systems and operating procedures.

III. Talent management

It is to review and evaluate the management capabilities of department heads in selecting, educating, applying, and retaining talents, such as departmental annual training plan and execution, task assignment and work instruction, cultivation and development of core talents, and team morale motivation.

"Designated projects" refer to the required work objectives for the President and managers, including "successors training," "internal control system management," "law compliance," and "fair hospitality."

B. Performance evaluation

According to the Company's performance evaluation rules, for the purpose of substantiating the Company's strategy and enhancing the organizational efficiency, the Company conducts mid-term and yearend performance evaluation routinely through the performance management mechanism of setting objectives at the beginning of the year, tracking improvement in the middle of the year, and reviewing and evaluating the performance at the yearend. The performance evaluation is conducted in accordance with the job objectives and performance indicators of the President and the managerial officers so to evaluate the job performance of the President and managerial officers within the year.

The performance evaluation results are divided into 5 categories (ratings 5–1)

Rating	Description
5	Outstanding performance, exceeding expectations
4	Slightly above the standard, occasionally performs outstandingly
3	Meet expectations and achieve work objectives
2	Below expectations, needs improvement
1	Far below expectations, unqualified performance

The performance evaluation results of the President and managers and the corresponding performance bonuses shall be submitted to the Remuneration Committee for deliberation and the board of directors for resolutions.

C. Connection of remuneration policy, business performance, and future risks

The President's work objectives shall include the following two categories:

I. Implementation of annual operating objectives

It is to evaluate the implementation effectiveness of annual operating objectives and business plans, such as: operating income, net income, return on equity, and other important operating data.

II. Deployment and promotion of mid-term and long-term strategic objectives

It is to evaluate the planning of mid-term and long-term strategic objectives and execution capabilities, such as: enhancement of core competence, reformation of operating models, improvement of asset quality, adjustment of income structure, upgrade of customer loyalty, etc.

The aforementioned two job objectives are the main reference for the performance evaluation and bonus distribution of the President. The President's annual remuneration also depends on his/her contribution to the achievement of the Company's overall operation management and business performance. There is a positive correlation between the remuneration amount paid to the President and his/her contribution to the achievement of the Company's overall operation management and business performance.

The company values managers' contributions and value creation to the company. Managers shall have their annual work objectives planned according to their job duties, including mutual support, selection and cultivation of successors, compliance with law and regulations, internal control systems and fair treatment of customer policy, etc. The policies, system, standard, and structure of managers' remuneration are to be reviewed by the Remuneration Committee and then the level of their remuneration is to be resolved by the board of directors.

Due to the consideration of the Company's operational performance and risk factors, in order to ensure and respond to future risk-adjusted profits, it is proposed to have the distribution of variable bonuses to the President and managerial officers deferred. A certain percentage of the variable remuneration of the President and managerial officers shall be appropriated and deposited in the form of a 1-year savings-shareholding trust. If the Company's goodwill is affected by the occurrence of other major risk events, the Company may have the bonus reduced or not paid depending on the seriousness of the loss of goodwill. The President and managerial officers are expected to share the future risks with the Company and work towards the on-going concern of the Company.

Remuneration packages generally comprise of base salary, allowances, and bonuses with additional benefits such as annual leaves, insurance etc. at reasonable costs. The company has included operating performance and risk management in the overall remuneration strategy and positioning in order to have employees' personal work goals and the company's business objectives and shareholders' interests integrated closely, and to attract outstanding talents to work for the company. The company has also designed a remuneration policy that is performance-oriented and is not inferior to the market level. The idea is to have the company's operating results and individual performance closely integrated in order to create the common interests of individuals, the company, and shareholders for a three-win situation.

(III) Repatriation as consultants/advisors of retired chairpersons and presidents.

No retired chairpersons and presidents have been repatriated as consultants/advisors.

(IV) Does the company make succession planning for BOD members and important management? How does the plan work?

1. Board directors

A nomination system is adopted for the election of the company's board directors.

Shareholders are to recommend the director candidates in accordance with the law. The board candidates are to be resolved in the board meeting and selected in the shareholders' meeting.

For achieving the goal of forming a profound board of directors, the company's plans for successors shall not only meet the requirements of the law, but also based on the company's business development direction and mid-term and long-term strategic objectives; also, comprehensively consider the professional knowledge, skills, experience, and gender required in the board members to seek suitable candidates that are with diverse backgrounds and meet the standards of independence. The succeeding directors of the company, in addition to possessing diversified professional knowledge and skills (such as law, accounting, industry, finance, marketing, or science and technology), and industry experience, should have overall abilities including operational judgment, accounting and financial analysis, business management, crisis management, industry knowledge, international market outlook, leadership, decision-making, and risk management knowledge and ability.

Every year the Company plans extension education courses in relation to corporate governance with respect to the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies", "Yuanta Futures Co., Ltd. Governance Best Practice Principles", and the "Yuanta Futures Co., Ltd. Regulations for Extension Education of Directors", and in consideration of the changes within and outside of the company, the organizational development needs and the director's expertise, in order to help directors become enriched in the information required by directors and improve their performance in duty implementation.

Overall, for the company's succeeding directors, in addition to the annual performance evaluation for reference in selecting future directors, the company also recruits appropriate professionals externally and reserves talents for future recruitment by training and educating the directors and the management of the company and the Group so to reserve "professionalism" and "inheritance," to form a profound board of directors, and to lay a solid foundation for the sustainable operation of the company taking as a whole.

The management team of the company is obliged to attend the board meeting and related meetings in order to get familiar with the operation of the said meetings; also, have a considerable degree of professional knowledge and ability in the formulation and development of the company's strategy, the supervision and implementation of internal control and compliance with law and regulations, and the control and response of risk management.

The seat of former director, Cheng-Hua Sun, was passed on to former Vice President, Kuo-Tsun Hsu (current director and President) on September 23, 2020, which is the specific practice of director succession planning.

2. Important management

The company has established a deputy system for leaders of all levels to train and cultivate high-level talents, effectively implement succession plans, and enhance the leadership and knowledge of the company's leaders at all levels. Through intensive internal talent cultivation and internal promotion policies, we effectively cohere the organization commitment of employees, lower the employee turnover rate, and facilitate organizational performance improvement.

IV. Corporate governance

(I) Functionality of the Board of Directors

15 Board of Directors meetings were held in the latest year (2021); Directors' and Independent Directors' attendance are listed below:

Title	Name (Note 1)	Actual attendance (B)	Proxy Attendance	Percentage of actual attendance (%) [B/A] (Note 2)	Remarks
Chairman	Yuanta Financial Holdings Co., Ltd. Representative: Tien-Fu Lin	15	0	100%	Re-election; re-election date on July 5, 2021
Director	Yuanta Financial Holdings Co., Ltd. Representative: Hsiao-Ling Chou	15	0	100%	Re-election; re-election date on July 5, 2021
Director	Yuanta Financial Holdings Co., Ltd. Representative: Hsien-Tao Chiu	15	0	100%	Re-election; re-election date on July 5, 2021
Director	Yuanta Financial Holdings Co., Ltd. Representative: Yueh-Tsang Li	15	0	100%	Re-election; re-election date on July 5, 2021
Director	Yuanta Financial Holdings Co., Ltd. Representative: Kuo-Tsun Hsu	15	0	100%	Re-election; re-election date on July 5, 2021
Director	Yuanta Financial Holdings Co., Ltd. Representative: Mei-Ling Kuo	15	0	100%	Re-election; re-election date on July 5, 2021
Independent Director	Yu-Chun Wu	8	0	100%	Newly elected; re-election date on July 5, 2021, there will be 8 board meetings held during the tenure.
Independent Director	Nai-Kuan Huang	15	0	100%	Re-election; re-election date on July 5, 2021
Independent Director	Hui-Erh Yuan	15	0	100%	Re-election; re-election date on July 5, 2021
Independent Director	Cho-Min Yu	7	0	100%	Former appointment; re-election date on July 5, 2021, there were 7 board meeting held during the tenure.

Other remarks:

- I. For the operation of the Board of Directors in any of the following circumstances, please specify the date, term, the contents of the proposals, the opinions of all independent directors, and the process of the opinions proposed by the independent directors:
 - (I) Matters under Article 14~3 of the Securities and Exchange Act: Where the Company has duly set up the Audit Committee, matters set forth under Article 14~5 of the Securities and Exchange Act are no longer applicable.
 - (II) Except for the aforementioned matters, the resolutions reached by the Board of Directors with the objections or reservations of the independent directors documented or declared in writing: None.
- II. With respect to the avoidance of conflicting interest agendas, describe the names of directors, details of the relevant agendas, reasons for avoiding conflicting interest, and the voting decisions:

Board of Directors Meeting Date	Name of director	Agenda	Reasons for avoiding conflicting interests	Voting decision
January 27, 2021	Director, Hsien-Tao Chiu Director Yueh-Tsang Li Director Mei-Ling Ku	This is regarding the trade of securities and the use of proprietary funds for trading the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject.	Director, Hsien-Tao Chiu; Director, Yueh-Tsang Li and Director, Mei-Ling Kuo are the related party in the case.	Stakeholder, Director, Hsien-Tao Chiu; Director, Yueh-Tsang Li; Director, Mei-Ling Kuo were excused from the discussion and votes to avoid the conflict of interest. All other directors present in the meeting acted in favor of the motion as stated in common consent after the inquiry of the chairman of the meeting.
	Director, Tien-Fu Lin Vice Chairman: Hsiao-Ling Chou Director Kuo-Tsun Hsu	It is regarding approving the performance bonus of the chairman, vice chairman, and President of the company.	Chairman, Tien-Fu Lin, Director, Hsiao-Ling Chou and Director, Kuo-Tsun Hsu are the related party in the case.	Chairman Tien-Fu Lin, Director Hsiao-Ling Chou and Director Kuo-Tsun Hsu related parties, withdrew from conflict involvement (recusal) and from the discussion and voting process. All other present directors voiced no objection at all in response to the inquiry by Independent Director Cho-Min Yu. The issue was duly passed without objection.
March 28, 2021	Vice Chairman: Hsiao-Ling Chou	A donation to the interested party Yuanta Cultural & Educational Foundation.	Vice Chairman Hsiao-Ling Chou is the related party in the case.	Vice Chairman Hsiao-Ling Chou, a stakeholder, was excused from the discussion and votes to avoid the conflict of interest. All other directors present in the meeting acted in favor of the motion as stated in common consent after the inquiry of the chairman of the meeting.
	Director, Hsien-Tao Chiu Director Yueh-Tsang Li Director Mei-Ling Ku	This is regarding the trade of securities and the use of proprietary funds for trading the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject.	Director, Hsien-Tao Chiu; Director, Yueh-Tsang Li and Director, Mei-Ling Kuo are the related party in the case.	Stakeholder, Director, Hsien-Tao Chiu; Director, Yueh-Tsang Li; Director, Mei-Ling Kuo were excused from the discussion and votes to avoid the conflict of interest. All other directors present in the meeting acted in favor of the motion as stated in common

				consent after the inquiry of the chairman of the meeting.
	Director Kuo-Tsun Hsu	Presenting the 2020 Employees' bonus remuneration.	Director, Kuo-Tsun Hsu is the related party in the case.	Director, Kuo-Tsun Hsu, a stakeholder, was excused from the discussion and votes to avoid the conflict of interest. All other directors present in the meeting acted in favor of the motion as stated in common consent after the inquiry of the chairman of the meeting.
	Director Kuo-Tsun Hsu	It is for defining the Company's 2021 managing officer's work goals.	Director, Kuo-Tsun Hsu is the related party in the case.	Director, Kuo-Tsun Hsu, a stakeholder, was excused from the discussion and votes to avoid the conflict of interest. All other directors present in the meeting acted in favor of the motion as stated in common consent after the inquiry of the chairman of the meeting.
April 7, 2021	Director, Tien-Fu Lin Vice Chairman: Hsiao-Ling Chou Independent Director, Nai-Kuan Huang Independent Director, Hui-Erh Yuan Director, Hsien-Tao Chiu Director Yueh-Tsang Li Director Kuo-Tsun Hsu Director Mei-Ling Ku	The 11 th board director (including independent directors) candidate list is proposed for review.	Chairman Tien-Fu Lin, Vice Chairman Hsiao-Ling Chou, Independent Director Nai-Kuan Huang, Independent Director Hui-Erh Yuan, Director Hsien-Tao Chiu, Director Yueh-Tsang Li, Director Kuo-Tsun Hsu and Director Mei-Ling Kuo are the related party in the case.	Chairman Tien-Fu Lin, Director Hsiao-Ling Chou, Independent Director Nai-Kuan Huang, Independent Director Hui-Erh Yuan, Director Hsien-Tao Chiu, Director Yueh-Tsang Li, Director Kuo-Tsun Hsu and Director Mei-Ling Kuo related parties, withdrew from conflict involvement (recusal) and from the discussion and voting process. All other present directors voiced no objection at all in response to the inquiry by Independent Director Cho-Min Yu. The issue was duly passed without objection.
	Director, Hsien-Tao Chiu Director Yueh-Tsang Li Director Mei-Ling Ku	Relieving new Directors of any restrictions imposed in relation to Article 209 of The Company Act - "Prohibition against directors' involvements in	Director, Hsien-Tao Chiu; Director, Yueh-Tsang Li and Director, Mei-Ling Kuo are the related party in the case.	Stakeholder, Director, Hsien-Tao Chiu; Director, Yueh-Tsang Li; Director, Mei-Ling Kuo were excused from the discussion and votes to avoid the

		competing businesses".		conflict of interest. All other directors present in the meeting acted in favor of the motion as stated in common consent after the inquiry of the chairman of the meeting.
July 7, 2021	<p>Director, Tien-Fu Lin</p> <p>Director, Hsien-Tao Chiu</p> <p>Director Yueh-Tsang Li</p> <p>Director Mei-Ling Ku</p>	<p>This is regarding the trade of securities and the use of proprietary funds for trading the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject.</p>	<p>Chairman, Tien-Fu Lin; Director, Hsien-Tao Chiu;</p> <p>Director, Yueh-Tsang Li and Director, Mei-Ling Kuo are the related party in the case.</p>	<p>Chairman, Tien-Fu Lin; Director, Hsien-Tao Chiu; Director, Yueh-Tsang Li and Director, Mei-Ling Kuo related parties, withdrew from conflict involvement (recusal) and from the discussion and voting process. All other present directors voiced no objection at all in response to the inquiry by Vice Chairman Hsiao-Ling Chou. The issue was duly passed without objection.</p>
	<p>Director, Tien-Fu Lin</p> <p>Vice Chairman: Hsiao-Ling Chou</p> <p>Director Kuo-Tsun Hsu</p>	<p>The amendments to the Company's regulations governing the management's bonus are submitted for review and discussion.</p>	<p>Chairman, Tien-Fu Lin, Director, Hsiao-Ling Chou and Director, Kuo-Tsun Hsu are the related party in the case.</p>	<p>Chairman Tien-Fu Lin, Director Hsiao-Ling Chou and Director Kuo-Tsun Hsu related parties, withdrew from conflict involvement (recusal) and from the discussion and voting process. All other present directors voiced no objection at all in response to the inquiry by Independent Director Cho-Min Yu. The issue was duly passed without objection.</p>
	<p>Director, Tien-Fu Lin</p> <p>Vice Chairman: Hsiao-Ling Chou</p> <p>Director Kuo-Tsun Hsu</p>	<p>The proposal for the remuneration of the Company's Chairman and Vice Chairman is submitted for review and discussion.</p>	<p>Chairman, Tien-Fu Lin, Director, Hsiao-Ling Chou and Director, Kuo-Tsun Hsu are the related party in the case.</p>	<p>Chairman Tien-Fu Lin, Director Hsiao-Ling Chou and Director Kuo-Tsun Hsu related parties, withdrew from conflict involvement (recusal) and from the discussion and voting process. All other present directors voiced no objection at all in response to the inquiry by Independent Director Cho-Min Yu. The issue was duly passed without objection.</p>

	Director Kuo-Tsun Hsu	The proposal for the salary adjustment of the Company's managerial officers is submitted for review and discussion.	Director, Kuo-Tsun Hsu is the related party in the case.	Director, Kuo-Tsun Hsu, a stakeholder, was excused from the discussion and votes to avoid the conflict of interest. All other directors present in the meeting acted in favor of the motion as stated in common consent after the inquiry of the chairman of the meeting.
June 30, 2021	Director, Tien-Fu Lin Vice Chairman: Hsiao-Ling Chou Director Kuo-Tsun Hsu	The revision of part of the Regulation Governing Prices and Awards of the Company.	Chairman, Tien-Fu Lin, Director, Hsiao-Ling Chou and Director, Kuo-Tsun Hsu are the related party in the case.	Chairman Tien-Fu Lin, Director Hsiao-Ling Chou and Director Kuo-Tsun Hsu related parties, withdrew from conflict involvement (recusal) and from the discussion and voting process. All other present directors voiced no objection at all in response to the inquiry by Independent Director Cho-Min Yu. The issue was duly passed without objection.
July 5, 2021	Independent Director Yu-Chun Wu Independent Director, Nai-Kuan Huang Independent Director, Hui-Erh Yuan	It is regarding the appointment of the Company's 11 th "Remuneration Committee" members.	Independent Director, Yu-Chun Wu; Independent Director, Nai-Kuan Huang and Independent Director, Hui-Erh Yuan are the related party in the case.	Independent Director, Yu-Chun Wu; Independent Director, Nai-Kuan Huang and Independent Director, Hui-Erh Yuan are stakeholders, and were excused from the discussion and votes to avoid the conflict of interest. All other directors present in the meeting acted in favor of the motion as stated in common consent after the inquiry of the chairman of the meeting.
July 28, 2021	Director, Tien-Fu Lin Independent Director Yu-Chun Wu Director, Hsien-Tao Chiu Director Yueh-Tsang Li Director Mei-Ling Ku	This is regarding the trade of securities and the use of proprietary funds for trading the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject.	Chairman, Tien-Fu Lin; Independent Director, Yu-Chun Wu; Director, Hsien-Tao Chiu; Director, Yueh-Tsang Li and Director, Mei-Ling Kuo are the related party in the case.	Chairman, Tien-Fu Lin; Independent Director, Yu-Chun Wu; Director, Hsien-Tao Chiu; Director, Yueh-Tsang Li and Director, Mei-Ling Kuo related parties, withdrew from conflict involvement (recusal) and from the discussion and voting process. All other present directors

				voiced no objection at all in response to the inquiry by Vice Chairman Hsiao-Ling Chou. The issue was duly passed without objection.
	<p>Director, Tien-Fu Lin Independent Director Yu-Chun Wu Director, Hsien-Tao Chiu Director Yueh-Tsang Li Director Mei-Ling Ku</p>	<p>It is regarding the budget increase proposed for the reconstruction of Tatung Building in the urban regeneration project of the Company together with the other five companies, including Yuanta Securities.</p>	<p>Chairman, Tien-Fu Lin; Independent Director, Yu-Chun Wu; Director, Hsien-Tao Chiu; Director, Yueh-Tsang Li and Director, Mei-Ling Kuo related parties, withdrew from conflict involvement (recusal) and from the discussion and voting process. All other present directors voiced no objection at all in response to the inquiry by Vice Chairman Hsiao-Ling Chou. The issue was duly passed without objection.</p>	
	<p>Director, Tien-Fu Lin Vice Chairman: Hsiao-Ling Chou Director Kuo-Tsun Hsu</p>	<p>The proposal for the remuneration of the Company's Chairman and Vice Chairman is submitted for review and discussion.</p>	<p>Chairman, Tien-Fu Lin, Director, Hsiao-Ling Chou and Director, Kuo-Tsun Hsu are the related party in the case.</p>	<p>Chairman Tien-Fu Lin, Director Hsiao-Ling Chou and Director Kuo-Tsun Hsu related parties, withdrew from conflict involvement (recusal) and from the discussion and voting process. All other present directors voiced no objection at all in response to the inquiry by Independent Director, Yu-Chun Wu. The issue was duly passed without objection.</p>
	<p>Director, Tien-Fu Lin Vice Chairman: Hsiao-Ling Chou Director Kuo-Tsun Hsu</p>	<p>The proposal for the performance bonus of the Company's Chairman, Vice Chairman, President, Executive VP, and other senior executives is submitted for review and discussion.</p>	<p>Chairman, Tien-Fu Lin, Director, Hsiao-Ling Chou and Director, Kuo-Tsun Hsu are the related party in the case.</p>	<p>Chairman Tien-Fu Lin, Director Hsiao-Ling Chou and Director Kuo-Tsun Hsu related parties, withdrew from conflict involvement (recusal) and from the discussion and voting process. All other present directors voiced no objection at all in response to the inquiry by Independent Director, Yu-Chun Wu. The issue was duly passed without objection.</p>

	Vice Chairman: Hsiao-Ling Chou Director Kuo-Tsun Hsu	Presenting the 2020 Manager and Employees’ Remuneration Distribution.	Vice Chairman Hsiao-Ling Chou and Director Kuo-Tsun Hsu are the related party in the case.	Vice Chairman Hsiao-Ling Chou and Director Kuo-Tsun Hsu are stakeholder, was excused from the discussion and votes to avoid the conflict of interest. All other directors present in the meeting acted in favor of the motion as stated in common consent after the inquiry of the chairman of the meeting.
September 29, 2021	Director, Tien-Fu Lin Independent Director Yu-Chun Wu Director, Hsien-Tao Chiu Director Yueh-Tsang Li Director Mei-Ling Ku	This is regarding the trade of securities and the use of proprietary funds for trading the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject.	Chairman, Tien-Fu Lin; Independent Director, Yu-Chun Wu; Director, Hsien-Tao Chiu; Director, Yueh-Tsang Li and Director, Mei-Ling Kuo are the related party in the case.	Chairman, Tien-Fu Lin; Independent Director, Yu-Chun Wu; Director, Hsien-Tao Chiu; Director, Yueh-Tsang Li and Director, Mei-Ling Kuo related parties, withdrew from conflict involvement (recusal) and from the discussion and voting process. All other present directors voiced no objection at all in response to the inquiry by Vice Chairman Hsiao-Ling Chou. The issue was duly passed without objection.
October 13, 2021	Director, Tien-Fu Lin Independent Director Yu-Chun Wu Director, Hsien-Tao Chiu Director Yueh-Tsang Li Director Mei-Ling Ku	It is regarding the budget increase proposed from NT\$4.15 billion to NT\$4.299 billion for the “Urban Regeneration of Tatung Building” of the Company together with the other five companies, including Yuanta Securities.	Chairman, Tien-Fu Lin; Independent Director, Yu-Chun Wu; Director, Hsien-Tao Chiu; Director, Yueh-Tsang Li and Director, Mei-Ling Kuo are the related party in the case.	Chairman, Tien-Fu Lin; Independent Director, Yu-Chun Wu; Director, Hsien-Tao Chiu; Director, Yueh-Tsang Li and Director, Mei-Ling Kuo related parties, withdrew from conflict involvement (recusal) and from the discussion and voting process. All other present directors voiced no objection at all in response to the inquiry by Vice Chairman Hsiao-Ling Chou. The issue was duly passed without objection.
November 24, 2021	Director, Tien-Fu Lin Independent Director Yu-Chun	This is regarding the trade of securities and the use of proprietary funds for	Chairman, Tien-Fu Lin; Independent Director, Yu-Chun Wu;	Chairman, Tien-Fu Lin; Independent Director, Yu-Chun Wu; Director,

	Wu Director, Hsien-Tao Chiu Director Yueh-Tsang Li	trading the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject.	Director, Hsien-Tao Chiu and Director, Yueh-Tsang Li are the related party in the case.	Hsien-Tao Chiu and Director, Yueh-Tsang Li related parties, withdrew from conflict involvement (recusal) and from the discussion and voting process. All other present directors voiced no objection at all in response to the inquiry by Vice Chairman Hsiao-Ling Chou. The issue was duly passed without objection.
December 22, 2021	Director Kuo-Tsun Hsu	Issues for audit plans in 2022.	Director, Kuo-Tsun Hsu is the related party in the case.	Director, Kuo-Tsun Hsu, a stakeholder, was excused from the discussion and votes to avoid the conflict of interest. All other directors present in the meeting acted in favor of the motion as stated in common consent after the inquiry of the chairman of the meeting.
January 21, 2022	Director, Tien-Fu Lin Independent Director Yu-Chun Wu Director, Hsien-Tao Chiu Director Yueh-Tsang Li	This is regarding the trade of securities and the use of proprietary funds for trading the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject.	Chairman, Tien-Fu Lin; Independent Director, Yu-Chun Wu; Director, Hsien-Tao Chiu and Director, Yueh-Tsang Li are the related party in the case.	Chairman, Tien-Fu Lin; Independent Director, Yu-Chun Wu; Director, Hsien-Tao Chiu and Director, Yueh-Tsang Li related parties, withdrew from conflict involvement (recusal) and from the discussion and voting process. All other present directors voiced no objection at all in response to the inquiry by Vice Chairman Hsiao-Ling Chou. The issue was duly passed without objection.
	Director, Tien-Fu Lin Vice Chairman: Hsiao-Ling Chou Director Kuo-Tsun Hsu	The proposal for the performance bonus of the Company's Chairman, Vice Chairman, President, Executive VP, and other senior executives is submitted for review and discussion.	Chairman, Tien-Fu Lin, Director, Hsiao-Ling Chou and Director, Kuo-Tsun Hsu are the related party in the case.	Chairman Tien-Fu Lin, Director Hsiao-Ling Chou and Director Kuo-Tsun Hsu related parties, withdrew from conflict involvement (recusal) and from the discussion and voting process. All other present directors voiced no objection at all in response to the inquiry by Independent Director,

				Yu-Chun Wu. The issue was duly passed without objection.
III. TWSE/TPEX Listed Companies shall disclose assessment cycles, periods, scope, methods, and contents for self or peer evaluation of the board of directors and record relevant details.				
(I)				
Evaluation cycle (Note)	At least once every three years			
Evaluation duration (Note 2)	November 1, 2018 ~ October 31, 2019			
Evaluation scope (Note 3)	Board of Directors			
Evaluation Method (Note 4)	<p>Appoint an external professional organization (Taiwan Corporate Governance Association)</p> <p>Taiwan Corporate Governance Association, an independent professional corporate governance counseling and evaluation organization, has launched corporate governance system evaluation and assessment services since 2005 with more than 300 companies served that engaged in all types of industries, public enterprises, TWSE/TPEX listed companies, and general public offerings and non-public offering companies with different equity structures and combinations of board members.</p> <p>Taiwan Corporate Governance Association and the “Self-Evaluation or Peer Evaluation of the Board of Directors” executive team have no business dealings with the company. The team is organized by three independent executive members and two evaluation specialists. They refer to the information on the implementation of various indicators provided by the company and public information; they also perform on-site interviews with relevant members, to have an evaluation report issued.</p>			
Evaluation content (Note 5)	<p>Eight aspects:</p> <p>I. Composition of the board of directors</p> <p>II. Guidance of the board of directors</p> <p>III. Authorization of the board of directors.</p> <p>IV. Supervision of the board of directors</p> <p>V. Communication of the board of directors</p> <p>VI. Internal control and risk management</p> <p>VII. Self-discipline of the board of directors.</p> <p>VIII. Others, such as board meetings, support systems, etc.</p> <p>Evaluation, suggestions, and the company’s improvement plan and progress:</p> <p>I. The company is suggested to regularly report to the board of directors the development of senior manager training and the implementation of succession plans so as to facilitate the board of directors in supervising the substantiation of the company’s talent cultivation and succession plan, and to lay the foundation for the company’s sustainable development.</p> <p>Improvement plan and progress: The company bases on the company’s strategic development priorities and functional training projects to plan a four-aspect training program. In addition, “successor training” program is also included in the important indicators of the annual work plan and performance evaluation submitted by senior managers. It is planned to report the senior manager training and development plan and the achievement of the previous year to the board of directors before the first quarter of each year starting from the year of 2020 so to facilitate the board of directors in guiding talent cultivation and succession plans.</p> <p>II. The reporting mailbox on the company’s website is currently managed by the Compliance Department and the corporate governance officer. It is proposed to have the e-mail directly received by the Audit Committee in order to facilitate its supervising the handling of reporting matters and to ensure the effective operation of the whistleblowing mechanism.</p> <p>Improvement plan and progress: The Audit Committee members are authorized to directly control the “Reporting Mailbox” so to facilitate their supervising the operation and to ensure the operation of the reporting mechanism.</p>			

	<p>III. The company's information on major incidents is reported to the chairman and then to Yuanta Financial Holdings Audit Department only. The company is suggested to have it clearly stipulated having all board members notified in order to facilitate board directors immediately in supervising the handling of major incidents.</p> <p>Improvement plan and progress: The "Guidelines for Reporting Major Incidents" was revised and approved by the chairman of the board on January 17, 2019. The board directors should be informed of the following: Article 3, Subparagraph 5 "The Audit Department shall notify the Financial Holdings Audit Department with the approval of the chairman upon receipt of the notification form, and shall notify the directors of the company by email or text message in a timely manner" and Article 4." The Audit Department shall notify (or in writing) the Financial Holdings Audit Department in accordance with the prescribed time limit when receiving notifications, detailed information, or follow-up processing from subsidiaries, and shall notify the directors of the company by e-mail or text message in a timely manner" of the amended "Guidelines for Reporting Major Incidents."</p> <p>IV. The company is proposed to establish a formal mechanism of arranging a seminar for newly elected directors, invite key department heads to talk to all new board directors, and arrange a company tour to observe important units and subsidiaries so to help the new board directors understand the company's business and industry information as soon as possible.</p> <p>Improvement plan and progress: The company has compiled the relevant important law and regulations and professional courses for the understanding of the new board directors. The procedures for preliminary interviews with all directors are arranged with the key department heads (including those supervising overseas subsidiaries) invited to talk with all new directors. The compilation of the relevant important law and regulations and professional courses stated in the preceding paragraph has been completed in the second quarter of 2020.</p>
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(II)

Evaluation cycle (Note)	At least once every year
Evaluation duration (Note 2)	January 1, 2021 ~ December 31, 2021
Evaluation scope (Note 3)	<p>Board of directors, functional committees, and individual board director</p> <p>The measurement items for the performance evaluation of the board of directors include the following five aspects:</p> <ol style="list-style-type: none"> 1. The level of participation in the company's operations. 2. Improvement of the decision-making quality of the board of directors. 3. Composition and structure of the board of directors. 4. Election and continuous education of directors. 5. Internal control. <p>Board members (for Themselves or Peers) performance evaluation criteria should include the following six aspects:</p> <ol style="list-style-type: none"> 1. Mastering the company's goals and tasks. 2. Cognition of the responsibilities of the directors. 3. The level of participation in the company's operations. 4. Internal relationship management and communication. 5. Professionalism and continuing education of directors. 6. Internal control. <p>The measurement items for the performance evaluation of functional committee include the following five aspects:</p> <ol style="list-style-type: none"> 1. The level of participation in the company's operations. 2. Recognition of responsibilities of functional committee. 3. Improve the decision-making quality of functional committees. 4. Composition of functional committee and the selection of committee members. 5. Internal control.
Evaluation	Self-evaluation of the board of directors, self-evaluation of functional committees, and

Method (Note 4)	self-evaluation of individual board director
Evaluation content (Note 5)	<p>The evaluation result of the 2021 board of directors and functional committee's self-evaluation operation is based on the "Performance Evaluation of the Board of Directors and Functional Committee of Yuanta Futures Co., Ltd.". The relevant evaluation results have been reported in the 11th meeting of the 10th term on January 21, 2021.</p> <p>I. The "Questionnaire of Self-Evaluation of Performance of the Board": It includes five aspects and 45 evaluation items that are performed by 9 directors (including independent directors).</p> <p>Statistical results:</p> <ol style="list-style-type: none"> 1. The level of participation in the company's operations (12 questions in total): Directors and independent directors gave positive evaluations. 2. Improvement of the decision-making quality of the board of directors (12 questions in total): Both directors and independent directors gave positive evaluations. 3. Composition and structure of the board of directors (7 questions in total): Both directors and independent directors gave positive evaluations. 4. Election and continuous education of directors (7 questions in total): Both directors and independent directors gave positive evaluations. 5. Internal control (7 questions in total): Both directors and independent directors gave positive evaluations. <p>Overall evaluation results: Nine directors (including independent directors) gave positive evaluations.</p> <p>II. "Questionnaire of Self-Evaluation of Performance of Board Members (for Themselves or Peers)": It includes six aspects and 26 evaluation items that are performed by 9 directors (including independent directors).</p> <p>Statistical results</p> <ol style="list-style-type: none"> 1. Mastering the company's goals and tasks (3 questions in total): Both directors and independent directors gave positive evaluations. 2. Cognition of the responsibilities of the directors (6 questions in total): Both directors and independent directors gave positive evaluations. 3. The level of participation in the company's operations (8 questions in total): Directors and independent directors gave positive evaluations. 4. Internal relationship management and communication (3 questions in total): Both directors and independent directors gave positive evaluations. 5. Professional and continuous education of directors (3 questions in total): Both directors and independent directors gave positive evaluations. 6. Internal control (3 questions in total): Both directors and independent directors gave positive evaluations. <p>Overall evaluation results: Nine directors (including independent directors) gave positive evaluations.</p> <p>III. "Questionnaire of Self-Evaluation of Performance of the Audit Committee": It includes five major aspects and 34 evaluation items that are performed by 3 members.</p> <p>Statistical results</p> <ol style="list-style-type: none"> 1. The level of participation in the company's operations (9 questions in total): The committee members all gave positive evaluations. 2. Cognition of the responsibilities of the audit committee (5 questions in total): The committee members all gave positive evaluations. 3. Improvement of the decision-making quality of the audit committee (8 questions in total): The committee members all gave positive evaluations. 4. The composition of the audit committee and the election of members (5 questions in total): The committee members all gave positive evaluations. 5. Internal control (7 questions in total): The committee members all gave positive evaluations. <p>Overall evaluation results: All three members gave positive evaluations.</p> <p>IV. "Questionnaire of Self-Evaluation of the Remuneration Committee": It includes five major aspects and 26 evaluation items that are performed by 3 members.</p> <p>Statistical results</p> <ol style="list-style-type: none"> 1. The level of participation in the company's operations (5 questions in total): The

	<p>committee members all gave positive evaluations.</p> <p>2. Cognition of the responsibilities of the Remuneration Committee (7 questions in total): The committee members all gave positive evaluations.</p> <p>3. Improvement of the decision-making quality of the Remuneration Committee (8 questions in total): The committee members all gave positive evaluations.</p> <p>4. The composition of the Remuneration Committee and the election of members (4 questions in total): The committee members all gave positive evaluations.</p> <p>5. Internal control (2 questions in total): The committee members all gave positive evaluations.</p> <p>Overall evaluation results: All three members gave positive evaluations.</p> <p>V. Summary</p> <p>The current performance evaluation results show that all directors (including independent directors) gave positive evaluations on the efficiency and operation of the board of directors and functional committees. The board directors and functional committee members have the “involvement in the company’s operation,” “director’s awareness of responsibilities,” “quality of meeting resolutions,” “education and training and professional development,” “management of the internal control system” evaluated and concluded to be functioned satisfactorily.</p>
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Note 1: Please fill out the execution cycle of the board evaluation, for example: Once a year.

Note 2: Please fill out the board evaluation period, for example: Evaluating the performance of the board of directors in the period from January 1, 2021 to December 31, 2021.

Note 3: The scope of performance assessment covers the board of directors, individual directors and functional committees.

Note 4: The methods of assessment include board internal self-assessment, director self-assessment, peer assessment, external institution assessment, external expert assessment, and other appropriate methods for performance assessment.

Note 5: The contents of evaluation according to the evaluation scope includes at least the following items:

(1) Performance evaluation of the board of directors: It includes at least “the level of participation in the company’s operations,” “the board’s decision-making quality,” “the composition and structure of the board of directors,” “the election and continuous study of directors,” “internal control,” etc.

(2) Performance evaluation of individual director: It includes at least “mastering the company’s goals and tasks,” “cognition of the responsibilities of the directors” “the level of participation in the company’s operations,” “internal relationship management and communication,” “professionalism and continuing study of directors,” “internal control,” etc.

(3) Performance evaluation of functional committees: It includes “the level of participation in the company’s operations,” “cognition of the responsibilities of the functional committees,” “the decision-making quality of the functional committees,” “the composition of the functional committees and the election of members,” “internal control,” etc.

IV. Enhancements to the functionality of the Board of Directors in the current and the most recent year (e.g. the establishment of an Audit Committee, improving information transparency etc.), and the progress of such enhancements.

(I) The Company’s “Self-Evaluation or Peer Evaluation of the Board of Directors and Functional Committees” was amended on September 29, 2021 to improve corporate governance and support practical operations with a focus on the relevant provisions of “having the method of submitting evaluation results to the Board of Directors changed from report item to a discussion proposal,” which will then be disclosed on the Company’s website afterwards.

(II) The Company not only arranged self-audit on a regular basis for its directors, the board, and the audit committee to enhance the efficiency and effectiveness of its operation, but also submitted to the audit committee and the board a report on actions taken by personnel of self-audit, legal compliance, and risks management to be consistent with the provisions of the Competent Authority.

(III) The Company has appointed designated personnel to disclose relevant information and materiality as required by the competent authority in Chinese and English in MOPS for announcement. In addition, the Company has also disclosed the continuing education of the directors and independent directors, their attendance to Board meetings, Audit Committees, Remuneration Committee, and remunerations in MOPS.

Note 1: If Directors is corporate entities, then the names of corporate shareholders and their representatives must be provided.

Note 2: (1) The date of resignation must be specified for Directors who had resigned prior to the close of the financial year. The percentage of actual attendance (%) should be calculated based on the number of Board of Directors meeting held during active duty and the number of actual attendance.

(2) If a re-election of Directors had taken place prior to the close of the financial year, Directors/Supervisors

of both the previous and the current term must be listed; the remarks column must address the re-election date and whether the Director was elected in the previous term, the new term, or both. The percentage of actual attendance (%) is calculated based on the number of board of directors meetings held during active duty and the actual attendance.

(II) The operation of the Auditing Committee:

The Auditing Committee has convened for 17 times (A) in the most recent year (2021). The attendance of the independent directors is shown below:

Title	Name	Actual attendance (B)	Proxy Attendance	Percentage of actual attendance (%) (B/A) (Note 1, Note 2)	Remarks
Independent Director	Yu-Chun Wu	9	0	100	The newly elected independent directors and convenor of the 11 th term of office; re-election date on July 5, 2021, there will be 9 Audit Committee meeting held during the tenure.
Independent Director	Nai-Kuan Huang	17	0	100	Re-election; re-election date on July 5, 2021
Independent Director	Hui-Erh Yuan	17	0	100	Re-election; re-election date on July 5, 2021
Former Independent Director	Cho-Min Yu	8	0	100	The dismissed independent directors and convenor of the 10 th term of office; re-election date on July 5, 2021, there were 8 Audit Committee meeting held during the tenure.

Other remarks:

- I. For the operation of the Audit Committee in any of the following circumstances, please specify the date, term, the contents of the proposals, the resolution of the Audit Committee, and the process of the opinions proposed by the Audit Committee:
- (I) On issues stated in Article 14-5 of the Securities and Exchange Act:
1. On January 20, 2021, the 38th Meeting of the 10th Audit Committee was duly convened.
- © Proposal to assess the independency of accountants, specify and explain the reasons for replacement of certified public accountants (CPAs), and appoint CPAs of PwC Taiwan to audit and certify the Company's 2021 financial statements and tax reports according to "Yuanta Futures Co., Ltd. Governance Best Practice Principles".
- The resolution reached by the Audit Committee: Approved with the consent of the board directors.
- Acts to be taken by the Company in response to the opinions heard in the Audit Committee: The issue was duly resolved by all present directors plenary in the 39th Meeting of the 10th board of directors convened on January 27, 2021.
- © In response to leasing real estate from the interested party Yuanta Commercial Bank.
- The resolution reached by the Audit Committee: Approved with the consent of the board directors.
- Acts to be taken by the Company in response to the opinions heard in the Audit Committee: The issue was duly resolved by all present directors plenary in the 39th Meeting of the 10th board of directors convened on January 27, 2021.
- © This is regarding the trade of securities and the use of proprietary funds for trading the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject.
- The resolution reached by the Audit Committee: Approved with the consent of the board directors.
- Acts to be taken by the Company in response to the opinions heard in the Audit Committee: In the 39th board of directors meeting of Session Ten convened on January 27, 2021, the issue was duly resolved by all present directors except those in interested involvement who duly withdrew from the event.
2. On March 3, 2021, the 39th Meeting of the Audit Committee in Session Ten was duly convened.

◎ The Company's 2020 "Declaration of Internal Control Policies".

The resolution reached by the Audit Committee: Approved with the consent of the board directors.

Acts to be taken by the Company in response to the opinions heard in the Audit Committee: The issue was duly resolved by all present directors plenary in the 40th Meeting of the 10th board of directors convened on March 3, 2021.

◎ The Company's 2020 "Anti-Money Laundering and the Combating the Financing of Terrorism & Declaration of Internal Control Policies".

The resolution reached by the Audit Committee: Approved with the consent of the board directors.

Acts to be taken by the Company in response to the opinions heard in the Audit Committee: The issue was duly resolved by all present directors plenary in the 40th Meeting of the 10th board of directors convened on March 3, 2021.

◎ It is for the matter related to issuing the Company's 2020 "Information Security Overall Implementation Statement."

The resolution reached by the Audit Committee: Approved with the consent of the board directors.

Acts to be taken by the Company in response to the opinions heard in the Audit Committee: The issue was duly resolved by all present directors plenary in the 40th Meeting of the 10th board of directors convened on March 3, 2021.

3. On March 16, 2021, the 40th Meeting of the 10th Audit Committee was duly convened.

◎ The Company's consolidated individual and financial statements for the year 2020.

The resolution reached by the Audit Committee: Approved with the consent of the board directors.

Acts to be taken by the Company in response to the opinions heard in the Audit Committee: The issue was duly resolved by all present directors plenary in the 41st Meeting of the 10th board of directors convened on March 3, 2021.

◎ The Company's earnings distribution in 2020.

The resolution reached by the Audit Committee: Approved with the consent of the board directors.

Acts to be taken by the Company in response to the opinions heard in the Audit Committee: The issue was duly resolved by all present directors plenary in the 41st Meeting of the 10th board of directors convened on March 3, 2021.

◎ The donation to Polaris Research Institute.

The resolution reached by the Audit Committee: Approved with the consent of the board directors.

Acts to be taken by the Company in response to the opinions heard in the Audit Committee: The issue was duly resolved by all present directors plenary in the 41st Meeting of the 10th board of directors convened on March 3, 2021.

◎ A donation to interested party Yuanta Cultural & Educational Foundation

The resolution reached by the Audit Committee: Approved with the consent of the board directors.

Acts to be taken by the Company in response to the opinions heard in the Audit Committee: the 41st meeting of the 10th board of directors convened on March 18, 2021, the issue was duly resolved by all present directors except those in interested involvement who duly withdrew from the event.

◎ This is regarding the trade of securities and the use of proprietary funds for trading the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject.

The resolution reached by the Audit Committee: Approved with the consent of the board directors.

Acts to be taken by the Company in response to the opinions heard in the Audit Committee: the 41st meeting of the 10th board of directors convened on March 18, 2021, the issue was duly resolved by all present directors except those in interested involvement who duly withdrew from the event.

4. On April 28, 2021, the 42nd Meeting of the 10th Audit Committee was duly convened.

◎ Amendment of the revision of the "Internal Control System" and the "Enforcement Rules of Internal Audit" of the Company.

The resolution reached by the Audit Committee: Approved with the consent of the board directors.

Acts to be taken by the Company in response to the opinions heard in the Audit Committee: The issue was duly resolved by all present directors plenary in the 43rd Meeting of the 10th board of directors convened on May 5, 2021.

5. On May 5, 2021, the 43rd Meeting of the 10th Audit Committee was duly convened.

◎ This is regarding the trade of securities and the use of proprietary funds for trading the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject.

The resolution reached by the Audit Committee: Approved with the consent of the board directors.

Acts to be taken by the Company in response to the opinions heard in the Audit Committee: The issue was duly resolved by all present directors plenary in the 43rd Meeting of the 10th board of directors

convened on May 5, 2021.

6. On June 7, 2021, the 44th Meeting of the 10th Audit Committee was duly convened.

© It is planned to make donation to medical institutions for the current effort in preventing COVID-19 pandemic so to fulfill the Company's Corporate Social Responsibility.

The resolution reached by the Audit Committee: Approved with the consent of the board directors.

Acts to be taken by the Company in response to the opinions heard in the Audit Committee: The issue was duly resolved by all present directors plenarily in the 44th Meeting of the 10th board of directors convened on June 7, 2021.

© This is regarding the trade of securities and the use of proprietary funds for trading the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject.

The resolution reached by the Audit Committee: Approved with the consent of the board directors.

Acts to be taken by the Company in response to the opinions heard in the Audit Committee: the 44th meeting of the 10th board of directors convened on June 7, 2021, the issue was duly resolved by all present directors except those in interested involvement who duly withdrew from the event.

7. On June 23, 2021, the 45th Meeting of the 10th Audit Committee was duly convened.

© It is for the liquidation operation of SYF Information (Shanghai) Limited, the invested.

The resolution reached by the Audit Committee: Approved with the consent of the board directors.

Acts to be taken by the Company in response to the opinions heard in the Audit Committee: The issue was duly resolved by all present directors plenarily in the 45th Meeting of the 10th board of directors convened on June 30, 2021.

8. On July 21, 2021, the 2nd Meeting of the 11th Audit Committee was duly convened.

© Amendment of the revision of the "Internal Control System" and the "Enforcement Rules of Internal Audit" of the Company.

The resolution reached by the Audit Committee: Approved with the consent of the board directors.

Acts to be taken by the Company in response to the opinions heard in the Audit Committee: The issue was duly resolved by all present directors plenarily in the 2nd Meeting of the 11th board of directors convened on July 28, 2021.

© This is regarding the trade of securities and the use of proprietary funds for trading the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject.

The resolution of the Audit Committee: It is a resolution deliberated and reached by all the attending Audit Committee members unanimously, except for those who have themselves recused due to a conflict of interest.

Acts to be taken by the Company in response to the opinions heard in the Audit Committee: the 2nd meeting of the 11th board of directors convened on July 28, 2021, the issue was duly resolved by all present directors except those in interested involvement who duly withdrew from the event.

© It is regarding the budget increase proposed for the reconstruction of Tatung Building in the urban regeneration project of the Company together with the other five companies, including Yuanta Securities.

The resolution of the Audit Committee: It is a resolution deliberated and reached by all the attending Audit Committee members unanimously, except for those who have themselves recused due to a conflict of interest.

Acts to be taken by the Company in response to the opinions heard in the Audit Committee: the 2nd meeting of the 11th board of directors convened on July 28, 2021, the issue was duly resolved by all present directors except those in interested involvement who duly withdrew from the event.

9. On August 17, 2021, the 3rd Meeting of the 11th Audit Committee was duly convened.

© The Company's consolidated individual and financial statements for the first half of the year 2021.

The resolution reached by the Audit Committee: Approved with the consent of the board directors.

Acts to be taken by the Company in response to the opinions heard in the Audit Committee: The issue was duly resolved by all present directors plenarily in the 3rd Meeting of the 11th board of directors convened on August 19, 2021.

© Amendment of the revision of the "Internal Control System" and the "Enforcement Rules of Internal Audit" of the Company.

The resolution reached by the Audit Committee: Approved with the consent of the board directors.

Acts to be taken by the Company in response to the opinions heard in the Audit Committee: The issue was duly resolved by all present directors plenarily in the 3rd Meeting of the 11th board of directors convened on August 19, 2021.

10. On September 22, 2021, the 4th Meeting of the 11th Audit Committee was duly convened.

◎ It is regarding the Company's issuing the "Unsecured Subordinate Ordinary Corporate Bonds."

The resolution reached by the Audit Committee: Approved with the consent of the board directors.

Acts to be taken by the Company in response to the opinions heard in the Audit Committee: The issue was duly resolved by all present directors plenary in the 4th Meeting of the 11th board of directors convened on September 29, 2021.

◎ This is regarding the trade of securities and the use of proprietary funds for trading the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject.

The resolution of the Audit Committee: It is a resolution deliberated and reached by all the attending Audit Committee members unanimously, except for those who have themselves recused due to a conflict of interest.

Acts to be taken by the Company in response to the opinions heard in the Audit Committee: the 4th meeting of the 11th board of directors convened on September 29, 2021, the issue was duly resolved by all present directors except those in interested involvement who duly withdrew from the event.

11. On October 13, 2021, the 5th Meeting of the 11th Audit Committee was duly convened.

◎ It is regarding the budget increase proposed from NT\$4.15 billion to NT\$4.299 billion for the "Urban Regeneration of Tatung Building" of the Company together with the other five companies, including Yuanta Securities.

The resolution of the Audit Committee: It is a resolution deliberated and reached by all the attending Audit Committee members unanimously, except for those who have themselves recused due to a conflict of interest.

Acts to be taken by the Company in response to the opinions heard in the Audit Committee: the 5th meeting of the 11th board of directors convened on October 13, 2021, the issue was duly resolved by all present directors except those in interested involvement who duly withdrew from the event.

12. On November 17, 2021, the 8th Meeting of the 11th Audit Committee was duly convened.

◎ This is regarding the trade of securities and the use of proprietary funds for trading the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject.

The resolution of the Audit Committee: It is a resolution deliberated and reached by all the attending Audit Committee members unanimously, except for those who have themselves recused due to a conflict of interest.

Acts to be taken by the Company in response to the opinions heard in the Audit Committee: the 7th meeting of the 11th board of directors convened on November 24, 2021, the issue was duly resolved by all present directors except those in interested involvement who duly withdrew from the event.

13. On December 15, 2021, the 9th Meeting of the 11th Audit Committee was duly convened.

◎ Issues for audit plans in 2022.

The resolution reached by the Audit Committee: Approved with the consent of the board directors.

Acts to be taken by the Company in response to the opinions heard in the Audit Committee: the 8th meeting of the 11th board of directors convened on December 22, 2021, the issue was duly resolved by all present directors except those in interested involvement who duly withdrew from the event.

14. On January 19, 2022, the 10th Meeting of the 11th Audit Committee was duly convened.

◎ Proposal to assess the independency of accountants, specify and explain the reasons for replacement of certified public accountants (CPAs), and appoint CPAs of PwC Taiwan to audit and certify the Company's 2022 financial statements and tax reports according to "Yuanta Futures Co., Ltd. Governance Best Practice Principles".

The resolution reached by the Audit Committee: Approved with the consent of the board directors.

Acts to be taken by the Company in response to the opinions heard in the Audit Committee: The issue was duly resolved by all present directors plenary in the 9th meeting of the 11th board of directors convened on January 21, 2022.

◎ Amendment of the revision of the "Internal Control System" and the "Enforcement Rules of Internal Audit" of the Company.

The resolution reached by the Audit Committee: Approved with the consent of the board directors.

Acts to be taken by the Company in response to the opinions heard in the Audit Committee: The issue was duly resolved by all present directors plenary in the 9th meeting of the 11th board of directors convened on January 21, 2022.

◎ This is regarding the trade of securities and the use of proprietary funds for trading the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject.

The resolution of the Audit Committee: It is a resolution deliberated and reached by all the attending Audit Committee members unanimously, except for those who have themselves recused due to a conflict of interest.

Acts to be taken by the Company in response to the opinions heard in the Audit Committee: the 9th meeting of the 11th board of directors convened on January 21, 2022, the issue was duly resolved by all present directors except those in interested involvement who duly withdrew from the event.

(II) Except for the aforementioned matters, the other matters that are not resolved by the Audit Committee must be resolved with the consent of more than two thirds of the board directors: none.

II. With respect to the avoidance of conflicting interest agendas, describe the names of independent directors, details of the relevant agendas, reasons for avoiding conflicting interest, and the voting decisions:

Auditing Committee dates	Name of Committee	Agenda	Reasons for avoiding conflicting interests	Voting decision
July 21, 2021	Independent Director Yu-Chun Wu	This is regarding the trade of securities and the use of proprietary funds for trading the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject.	Independent Director, Yu-Chun Wu is the related party in the case.	Mr. Yu-Chun Wu, independent director, a related party, had himself recused from participating in the discussion and voting. The proposal was passed by the other attending members unanimously after the consultation of the Acting Chairman, Mr. Nai-Kuan Huang, independent director, and to be deliberated and resolved in the board meeting.
	Independent Director Yu-Chun Wu	It is regarding the budget increase proposed for the reconstruction of Tatung Building in the urban regeneration project of the Company together with the other five companies, including Yuanta Securities.	Independent Director, Yu-Chun Wu is the related party in the case.	Mr. Yu-Chun Wu, independent director, a related party, had himself recused from participating in the discussion and voting. The proposal was passed by the other attending members unanimously after the consultation of the Acting Chairman, Mr. Nai-Kuan Huang, independent director, and to be deliberated and resolved in the board meeting.
September 23, 2021	Independent Director Yu-Chun Wu	This is regarding the trade of securities and the use of proprietary funds for trading the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject.	Independent Director, Yu-Chun Wu is the related party in the case.	Mr. Yu-Chun Wu, independent director, a related party, had himself recused from participating in the discussion and voting. The proposal was passed by the other attending members unanimously after the consultation of the Acting Chairman, Mr. Nai-Kuan Huang, independent director, and to be deliberated and resolved in the board meeting.
October 13, 2021	Independent Director Yu-Chun	It is regarding the budget increase	Independent Director, Yu-Chun Wu is the	Mr. Yu-Chun Wu, independent director, a

	Wu	proposed from NT\$4.15 billion to NT\$4.299 billion for the “Urban Regeneration of Tatung Building” of the Company together with the other five companies, including Yuanta Securities.	related party in the case.	related party, had himself recused from participating in the discussion and voting. The proposal was passed by the other attending members unanimously after the consultation of the Acting Chairman, Mr. Nai-Kuan Huang, independent director, and to be deliberated and resolved in the board meeting.
November 17, 2021	Independent Director Yu-Chun Wu	This is regarding the trade of securities and the use of proprietary funds for trading the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject.	Independent Director, Yu-Chun Wu is the related party in the case.	Mr. Yu-Chun Wu, independent director, a related party, had himself recused from participating in the discussion and voting. The proposal was passed by the other attending members unanimously after the consultation of the Acting Chairman, Mr. Nai-Kuan Huang, independent director, and to be deliberated and resolved in the board meeting.
January 19, 2022	Independent Director Yu-Chun Wu	This is regarding the trade of securities and the use of proprietary funds for trading the securities issued by any stakeholders or self-regulatory objects and the transactions linked to the underlying subject.	Independent Director, Yu-Chun Wu is the related party in the case.	Mr. Yu-Chun Wu, independent director, a related party, had himself recused from participating in the discussion and voting. The proposal was passed by the other attending members unanimously after the consultation of the Acting Chairman, Mr. Nai-Kuan Huang, independent director, and to be deliberated and resolved in the board meeting.

III. Performance of communications by and between independent directors, internal audit head and Certified Public Accountant(s) (should include the Company’s financial, business operation affairs, issued, methods and outcomes of communications among them).

- (I) In order to improve the efficiency and effectiveness of the operation and strengthen the interaction with the internal audit and accounting units, the audit committee establishes “Communication Procedure between the Audit Committee and the Audit Department” and the “Communication Procedure between the Audit Committee and the Certified Public Accountant,” so it can supervise the audit unit to perform and elaborate on its functions. The communication between the audit committee, internal auditors and CPA is carried out in accordance with the method disclosed above, and the communication is generally good. In addition, the overall performance appraisal of internal auditors and CPA is conducted at the end of each year, and the relevant appraisal results are reported to the board of directors.
- (II) The Company discloses the individual communication between independent directors and internal audit supervisors and accountants in the “About Us -> Functional Committee” section of the Company’s website

under [Communications between independent directors and internal audit supervisors and accountants].
(website at: https://www.yuantafutures.com.tw/corporategovernance_12).

IV. Annual work plan and operation status of the audit committee:

- (I) Formed with independent directors, the Audit Committee aims to supervise the quality and integrity of the Company's finance and accounting, audits, and risk management. At the end of each year, it plans and schedules proposals to be discussed in the next year in order to strengthen committee operations.
- (II) The authority of the audit committee mainly includes:
1. Establishment of or amendment to internal control system pursuant to Article 14-1.
 2. Evaluate the effectiveness of the internal control system.
 3. Stipulate or revise the regulations governing the significant financial business behaviors, including the acquisition and disposal of assets, trading of financial derivatives, lending of capital, loaning of funds, and making of endorsement/guarantees in accordance with Article 36-1.
 4. Matters that involve the best interests of the directors.
 5. Material assets or derivative transactions.
 6. The lending, endorsement, or guarantee of capital in huge sum.
 7. Public offering, issuance, or private placement of equity-type securities.
 8. The appointment, dismissal, or compensation of the CPAs.
 9. The appointment and dismissal of the Finance Officer, Accounting Officer, or Internal Chief Auditor.
 10. Annual financial report signed or stamped by the chairman, executive and accounting supervisor, and the Q2 financial report to be audited and validated by the accountant.
 11. Other significant matters required by the Company or the competent authorities.

The audit committee regularly holds meetings. Within the scope of its authority, it may invite managers of relevant departments. Internal auditors, accountants, legal advisers or other personnel shall attend the meetings and provide relevant and necessary information. However, they shall be excused at the time of discussion and balloting.

(III) The audit committee held a total of 17 meetings in 2021, and the annual work plans are as follows:

1. Assess the independence of appointed accountants, and appoint a CPA to audit and validate various financial and tax statements.
2. Review the "Statement on Internal Control," "Statement on Internal Control of Anti-Money Laundering and Countering Terrorism Financing," and "Statement on the Overall Implementation of Information Security."
3. Review the 2020 consolidated and standalone financial reports, and the first half of 2021 consolidated and standalone financial reports.
4. Amendment of the revision of the "Internal Control System" and the "Enforcement Rules of Internal Audit".
5. The budget increase proposed for the reconstruction of Tatung Building in the urban regeneration project of the Company together with the other five companies, including Yuanta Securities is to be reviewed and resolved.
6. The budget increase proposed from NT\$4.15 billion to NT\$4.299 billion for the "Urban Regeneration of Tatung Building" of the Company together with the other five companies, including Yuanta Securities is to be reviewed and resolved.
7. The Company's issuing the "Unsecured Subordinate Ordinary Corporate Bonds" is to be reviewed and resolved.
8. The leasing of property from Yuanta Commercial Bank Co., Ltd., a stakeholder, is to be reviewed and resolved.

Note 1: The date of resignation must be specified for Independent Directors who had resigned prior to the close of the financial year. The percentage of actual attendance (%) should be calculated based on the number of Audit Committee meeting held during active duty and the number of actual attendance.

Note 2: If a re-election of Independent Directors had taken place prior to the close of the financial year, then Independent Directors of both the previous and the current term must be listed; the remarks column must address the re-election date and whether the Independent Director was elected in the previous term, the new term, or both. The actual attendance rate to Audit Committee meetings (%) basing on the actual attendance to Audit Committee meetings during his or her term of office in proportion to the total number of Audit Committee meetings held in the same period.

(III) How The Company’s actual governance differs from The Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies and why

Assessment items	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
1. Will the Company based on the “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies” set up and disclose the Company’s corporate governance best-practice principles?	V		<p>I.</p> <p>1. The Company has approved its Corporate Governance Principles based on the” Corporate Governance Best-Practice Principles” and the “Corporate Governance Best-Practice Principles for Futures Commission Merchants,” which is implemented after the board’s approval and disclosed on the Market Observation Post System and the Company’s website (https://www.yuanta-futures.com.tw/corporategovernance_07).</p> <p>2. Additionally, the Company formulated the relevant chapter of corporate governance as required by regulations and implemented following the Company’s system. Other operations are also in compliance with relevant laws and regulations.</p> <p>3. Under our governance framework, BOD is the core of governance. As the highest governance body, BOD puts the interest of the Company and shareholders first and makes strategic instructions for organizational operations and supervises the operational performance of the management. Under BOD, there are functional committees and departments including the Audit Committee, Remuneration Committee, Ethical Management Committee, Audit Department, Risk Management Department, and the BOD Secretary’s Office which assist BOD in supervising the Company with due care and due diligence. The president of this Company leads the Compliance Department, Overseas Institutional Business Department, Domestic Institutions Department, Proprietary Trading Department, General Planning Department and the management team to effectively implement the Company’s governance and operations activities to maximize interest for shareholders.</p>	There is no difference detected.
<p>II. Shareholding structure and shareholders’ equity</p> <p>(I) Will the Company have the internal procedures regulated to handle shareholders’ proposals, doubts, disputes, and litigation matters; also, have the procedures implemented accordingly?</p> <p>(II) Will the Company possess the list of the Company’s major shareholders and the list of the ultimate controllers of the major shareholders?</p> <p>(III) Will the Company establish and implement the risk control and firewall mechanisms with the</p>	<p>V</p> <p>V</p> <p>V</p> <p>V</p>		<p>II.</p> <p>(I)</p> <p>1. In the Company’s official website in the special zone of “About Us > Investors” the Company has set up a "Contact Window with Investors (or Shareholders)" where we have adequately disclosed the method of communications. A shareholder is encouraged to voice his or her opinions by phone, in person, by mail, by FAX, e-mail or other channels. In response to the opinions voiced by shareholders, their questions, disputes or litigation, the Company duly manages in a prudential manner through our shareholder services agent. The clerk in the unit accepting shareholders' opinions duly judges the contents of opinions and, in turn, the agent, investor relation contact person, spokesman and competent unit will prudentially reply and take countermeasures as necessary.</p> <p>2. The Company intends to have the matters that have come through the Customer Service Mailbox handled in accordance with the “Act for Settlement of Customer Disputes.”</p> <p>(II) The Company has set up a designated body for tracking the list of the dominant shareholders and the final shareholders of the dominant shareholders. In addition, the Company also apply with the Central Depository of Securities for the list of shareholders basing on the result after transactions have been made, and the declaration with the status of share transfer by the insiders of the Company in each month in order to keep track on the holding of shares by the shareholders.</p> <p>(III)</p> <p>1. The Company and the subsidiaries are independent of one another in financial and business transactions.</p>	There is no difference detected.

<p>related parties?</p> <p>(IV) Will the Company set up internal norms to prohibit insiders from utilizing the undisclosed information to trade securities?</p>		<p>2. To strengthen the financial business among the affiliated enterprises and to prevent Non-arm's Length Transaction or conveyance of unjust interests among transactions between affiliated enterprises, acquiring or disposal of assets, and Lending of Capital. Therefore, to formulate the "Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises", "Rules Governing Transactions with Interest Parties", "Rules Governing General Authorization for transactions Other Than Credit Extension with Interested Parties Mentioned in Article 45 of Financial Holding Company Act" and "Transactions with Parties Governed by Self-Disciplinary Rules" in accordance with the Company's "Corporate Governance Best-Practice Principles" for full implementation of risk management policies and firewalls.</p> <p>3. The Company has established a Risk Management Department which shall be responsible for the overall risk management, control, supervision, and enforcement.</p> <p>(IV)</p> <p>1. The Company has the "Procedures for Handling Material Insider Information" regulated to prohibit insiders from utilizing the undisclosed information to trade securities.</p> <p>2. In order to enable all personnel of the company to have the correct knowledge of and the ability to judge relevant laws and regulations, the Company regularly advocates laws and regulations on insider equity transfers for directors, managers and employees, insider trading and short-term trading, as well as communicating with new directors, managers, and employees before they start jobs. The content includes the purpose of insider equity management, the definition of insider, the relevant laws and regulations and penalties for the declaration of insider shareholding changes, common deficiencies and other precautions for violations of insider rules, the constituent elements of insider transactions, the clear timing of important news, and the method and timeliness of disclosure, penalties for violation of insider trading, lessons on how to avoid false insider trading and the relevant case studies, the constituent elements of short-term trading, exercise of the right of disgorgement, and common reasons for the occurrence of the right of disgorgement, etc.</p> <p>3. The Company has also compiled a regulatory compliance manual for managers and employees to refer to, conducted self-assessment of regulatory compliance every six months, and used online courses and physical assignments for education on insider trading, short-term trading, and insider equity laws.</p>	
<p>III. The constitution and obligations of the board of directors</p> <p>(I) Does the board of directors plan to formulate a diversity policy for board directors and to disclose the specific management objectives and implementation of the diversity policy on the Company's website?</p>	<p>V</p>	<p>III.</p> <p>(I)</p> <p>1. The Company intends to have matters handled in accordance with the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" and Company's Article 20 Section 3 of "Corporate Governance Best-Practice Principles". The composition of board members should be diversified. Appropriate and diversified policies should be drafted for the business operations, business patterns and development needs, of which, the diversification should include but not be limited to the standards with the following two aspects: Basic conditions and values (including gender, age, nationality, and culture) and professional knowledge and skills (including professional background of law, accounting, industry, finance, marketing or technology), professional skills and industry experience.</p> <p>2. In order to achieve the ideal goal of corporate governance, the board of directors should have the following capabilities: judgment on operations, accounting and financial analysis, business management, crisis management, expertise on futures and derivative financial instruments, perspectives on international markets, leadership, decision-making, risk management knowledge.</p> <p>3. The company has nine board members. Currently, there are three independent directors and six directors. Female directors account for 33% of the board, and directors with a concurrent employee status account for 11% of the board. The directors have backgrounds in economics, accounting, finance, corporate management, business, electrical engineering, etc. In addition to professional skills in banking, securities, insurance, financing, and leasing, many directors have experience in information</p>	<p>There is no difference detected.</p>

<p>(II) Will the Company, in addition to setting the Remuneration Committee and Audit Committee lawfully, have other functional committee set up voluntarily?</p> <p>(III) Has the Company formulated "The Procedures for the Company's Board Performance Evaluation" and evaluation method, conducted a performance evaluation annually and regularly, reported the results of the performance evaluation to the Board of Directors, and applied it for reference in determining individual director's remuneration and nomination for renewal?</p> <p>(IV) Will the Company have the independence of the public accountant evaluated regularly?</p>	<p>V</p> <p>V</p> <p>V</p>	<p>technology, trading, manufacturing, etc., and have good contribution for the Company's business management and risk control. Furthermore, Mr. Yu-Chun Wu, independent director, had engaged in financial supervision operation for years and had held an important position to serve in financial supervision agencies and peripheral businesses with ample experience accumulated in financial practice. Mr. Nai-Kuan Huang, independent director, had held an important position to serve in securities peripheral businesses with ample experience accumulated in information related businesses. Ms. Hui-Erh Yuan, independent director, is a certified public accountant and is serving as the Company's independent director with accounting expertise.</p> <p>4. In terms of the Company's management goal in director diversity policy, there are three independent directors elected for the 11th term of office, including 1 female independent director. Currently, female directors are account for 33% of the quorum of the board directors, achieving the Company's goal of having each gender director account for more than one-third of the board directors.</p> <p>5. The information in relation to the BOD diversification policy is disclosed in the "BOD Diversification Updates" column in the "About Us BOD" section of our corporate website. (Website: http://www.yuantafutures.com.tw/website/directors_04).</p> <p>(II) BOD approved the establishment of the Remuneration Committee on November 24, 2011 and the Audit Committee on May 23, 2012 to replace supervisors. Both committees were formed with the three independent directors and are well operated. In addition to regular meetings, independent directors of the Company often discuss corporate governance with the Company's management and heads of managerial department, and understand the Company's business operations such as finance, accounting, compliance with laws and regulations, audits, and risk management, so as to fulfill their duty of care and faithfully perform their duties. In the future, the necessity of setting up other functional committees will be evaluated based on the needs of operational development.</p> <p>(III)</p> <p>1. The Company has established the "Board of Directors and Functional Committee Performance Appraisal Measures." The board and functional committees shall conduct performance appraisal of the board and functional committees each year in accordance with the evaluation procedures and indicators in Articles 6 and 8. The report on the results of appraisal, conducted in accordance with the grading criteria in Article 8, is sent to the board for review and improvement. On January 24, 2017, it was added that an external specialized independent agency or external experts and scholar are employed to conduct performance appraisal of the board every three years, and the appraisal results and improvement plans are reported to the board and functional committees.</p> <p>2. The results of the performance appraisal of the Company's board have been used as a reference for selecting or nominating director candidates. The results of the performance appraisal of directors have been submitted to the salary and remuneration committee as a reference for determining directors' remuneration.</p> <p>3. The information on board performance appraisal methods and the results of the self-evaluation of board (and functional committees) and board members (self or peers) appraisal are disclosed in the "Board of Directors" section of the company's official website, under [Performance Appraisal Results of the Board of Directors and Functional Committees] (https://www.yuantafutures.com.tw/directors_05).</p> <p>(IV)</p> <p>1. According to Article 30 of the Company's "Corporate Governance Best-Practice Principles" and Article 4 of the "Rules Governing Communication Between the Audit Committee and CPAs," the Audit Committee is to have the independence of the CPAs assessed at least once a year in accordance with the following assessment methods: (1) to obtain and review the formal written report of the CPAs and to describe its relation with the Company and the internal quality control procedures of the CPAs; (2) whether the CPAs own the Company's stock shares; (3) review the relation between the CPAs and the</p>	
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		<p>Company's executives at the end of each year; (4) if the contracted CPAs have not been replaced for seven consecutive years or the contracted CPAs had received a disciplinary act or with its independence jeopardized, it is necessary to consider whether the CPAs should be replaced.</p> <p>2. CPA independency assessment includes the following key indicators: CPA firm rating, quality control process, CPAs and audit teams, scope of audit, audit fee, communication and independency of audit.</p> <p>3. The aforementioned appraisal and the "Statement on Independence and Inspection Work" issued by the CPA are submitted to the audit committee and the board of directors every year, and the board of directors then approves their appointment. There is no relationship between the Company and the CPA except for the contractual relationship in audit and validation. The most recent assessment results were submitted to the 9th meeting of the 11th batch of audit committee on January 19, 2022 and the 9th meeting of the 11th batch of board on January 21, 2022 for review and approval.</p>	
IV. Has the Company appointed an appropriate number of competent personnel, and appointed a designated Corporate Governance Officer charged with the duties of corporate governance? (Including but not limiting to providing the materials to the Directors and Supervisors required for performing their duties, assistance to the Directors and Supervisors in matters of compliance, organization of Board Meetings and Shareholders Meetings and related matters as required by law, compiling minutes of Board Meetings and Shareholders Meetings)?	V	<p>IV.</p> <p>1. In response to the "the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies", BOD passed the resolution to establish the "BOD Secretary's Office", a discrete governance unit, at the board meeting on October 31, 2018. BOD also appointed Executive VP Chun-Chieh Wang to be the governance officer. Executive VP Chun-Chieh Wang is qualified for the governance officer for his rich experience in securities and futures business at home and abroad, and over 12 years of experience as a financial executive of public companies. The "BOD Secretary's Office" is qualified and appropriate aims to provide directors and Audit Committee members with the data required for business implementation, to assist Director and Independent Director with compliance. It also handles affairs in relation to company registration, the Audit Committee, BOD, and the meeting of shareholders, as well as affairs in relation to governance.</p> <p>2. The 2021 performance of the "BOD Secretary's Office" is as follows:</p> <p>a. Provision of data required for business implementation for directors and Audit Committee members to assist with compliance: Periodically provided information regarding and undertaken insider stake changes and insider trading laws and regulations; periodically gathered and delivered information regarding cases punished by competent authorities and various government policies and decrees; assisted with the collection of information regarding professional training and provided them for directors and Audit Committee members; and arranged related courses for them, in order to help directors and Audit Committee members to achieve compliance through appropriate internal and external education and training activities.</p> <p>b. Handling matters in relation to Audit Committee meetings, board meetings, and the meeting of shareholders:</p> <p>Periodic reporting of governance status to the Audit Committee and BOD and confirmation of the compliance of meeting agenda with related laws and regulations and the corporate governance practices; convening meetings and provision of meeting data; delivery of meeting agenda and notices seven days in advance; advance reminder for proposals requiring avoidance of the interest of conflict; completion and delivery of the minutes of meetings within 20 days after a meeting; arrangement of participation internal audit for Audit Committee members; risk control and individual interviews of CPAs to enhance the operating efficiency of the Audit Committee; provision of laws and regulations required for compliance during business implementation or making official resolutions for directors; announcement of material information in the important resolutions made in board meetings; confirmation of the legitimacy and accuracy of material information to ensure the symmetry of transaction information of investors; handling advance registration of the date of the meeting of shareholders, and production of meeting notices, meeting handbooks, and meeting minutes; and handling the change registration of amendments to the articles of incorporation or BOD re-election.</p>	There is no difference detected.

		<p>c. It is regarding company registration and change registration related matters.</p> <p>d. Regular and irregular information disclosures on the Market Observation Post System.</p> <p>e. Handle tasks related to corporate governance evaluation.</p> <p>3.Executive Vice President Chun-Chieh Wang has served as the head of corporate governance since November 1, 2018, and has a total of 15 hours of continuing education in 2021.</p> <table><tr><th rowspan="2">Title</th><th rowspan="2">Name</th><th colspan="2">Training date</th><th rowspan="2">Organizer</th><th rowspan="2">Course name</th><th rowspan="2">Training Hours</th></tr><tr><th>Start</th><th>End</th></tr><tr><td rowspan="5">Corporate Governance Officer</td><td rowspan="5">Chun-Chieh Wang</td><td>2021/05/04</td><td>2021/05/04</td><td>Taiwan Securities Association</td><td>Practice and case study of anti-money laundering and countering the financing of terrorism</td><td>3</td></tr><tr><td>2021/08/03</td><td>2021/08/03</td><td>Taiwan Securities Association</td><td>Challenges and countermeasures of information security</td><td>3</td></tr><tr><td>2021/09/01</td><td>2021/09/01</td><td>To Financial Supervisory Commission</td><td>The 13th Taipei Corporate Governance Forum</td><td>3</td></tr><tr><td>2021/09/07</td><td>2021/09/07</td><td>Taiwan Securities Association</td><td>Sustainable finance innovation and management</td><td>3</td></tr><tr><td>2021/10/05</td><td>2021/10/05</td><td>Taiwan Securities Association</td><td>Introduction and response to Financial Consumer Protection Act</td><td>3</td></tr></table> <p>4.Information pertinent to the Corporate Governance Officer of the Company for disclosure in the section of “Corporate Governance” under the heading of “corporate governance personnel” on the official website of the Company (Website: https://www.yuantafutures.com.tw/corporategovernance_09).</p>	Title	Name	Training date		Organizer	Course name	Training Hours	Start	End	Corporate Governance Officer	Chun-Chieh Wang	2021/05/04	2021/05/04	Taiwan Securities Association	Practice and case study of anti-money laundering and countering the financing of terrorism	3	2021/08/03	2021/08/03	Taiwan Securities Association	Challenges and countermeasures of information security	3	2021/09/01	2021/09/01	To Financial Supervisory Commission	The 13 th Taipei Corporate Governance Forum	3	2021/09/07	2021/09/07	Taiwan Securities Association	Sustainable finance innovation and management	3	2021/10/05	2021/10/05	Taiwan Securities Association	Introduction and response to Financial Consumer Protection Act	3	
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Corporate Governance Officer	Chun-Chieh Wang	2021/05/04	2021/05/04	Taiwan Securities Association	Practice and case study of anti-money laundering and countering the financing of terrorism	3																																	
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		2021/10/05	2021/10/05	Taiwan Securities Association	Introduction and response to Financial Consumer Protection Act	3																																	
V. Has the Company established a communication channel with the stakeholders (including but not limited to the shareholders, employees, customers, and suppliers), set up a stakeholder section on the Company’s website, and responded appropriately to the important corporate social responsibilities concerned by the stakeholders?	V	<p>V.</p> <p>1.The Company assures that it will provide adequate information to customers, correspondent banks, suppliers, employees, shareholders and such interested parties. Further through the Company’s website, the Company has set up a "special zone for Investors" > "special zone for interested parties" (website at: http://www.yuantafutures.com.tw/website/investors_01). Through such efforts, the Company takes charge of and responds the key issues concerned to the interested parties. Starting from 2015, the Company has worked out Corporate Social Responsibility (CSR) reports onto the Company’s website and Market Observation Post System (MOPS), readily accessible to interested parties.</p> <p>2.The Company has Spokesperson and Deputy Spokesperson to establish communication with its stakeholders. In addition, The Company's Manager, Finance and Accounting Department, Customer Service / Trading Department etc may also contact stakeholders to address specific issues. All legal disputes are handled by the Compliance Department.</p> <p>3.To develop an integral and transparent corporate culture, promote ethnical management, and encourage the report of illegal acts or events within the Company. We have also established the suggestion and grievance email at auditcomm.brk@yuanta.com; the reporting hotline (02-5580-5230), toll-free customer service helpline on 0800-333-338; and the customer service email futures@yuanta.com for reporting.</p> <p>4.We have established the “Directions for Supplier Management” to effectively manage the suppliers of the Company and investees, improve procurement quality, and advocate CSR together with suppliers. We have also disclosed these Directions on the corporate website.</p>	There is no difference detected.																																				

VI. Has the Company commissioned a professional stock service agent to handle shareholders affairs?	V	VI. The Company has appointed Yuanta Securities Co., Ltd., a professional stock service agent, to handle shareholders affairs.	There is no difference detected.
VII. Disclosure of information (I) Does the Company have a website setup and the financial business and corporate governance information disclosed? (II) Has the Company adopted other information disclosure methods (such as, establishing an English website, designating a responsible person for collecting and disclosing information of the Company, substantiating the spokesman system, placing the juristic person seminar program on the Company's website, etc.)? (III) Has the Company announced and declared its financial report within 2 months after the end of the fiscal year, and announced and declared the quarterly financial report of Q1, Q2, and Q3 and the monthly business report before the deadline?	V V V	VII. (I) The "About Us" Zone of the Company's official website contains the information on financial position and operation, information on General Meeting, institutional investors conferences, the information on corporate governance and Corporate Social Responsibility. Please visit http://www.yuantafutures.com.tw/ (II) 1. We have set up an English website at http://www.yuantafutures.com.tw/website/EN . 2. The Company's material information is announced in both Chinese and English at the Market Observation Post System (MOPS), so that investors can keep abreast of the latest information. 3. The Company has established the spokesman and acting spokesman system as required. Inquiry can be made by visiting the "About Us > Investors" Zone of the official website or at MOPS of TWSE. (III) The Company has announced and declared the quarterly reports of each quarter in 2021, the annual financial report, and the monthly business reports by designated deadlines as required by law. The financial reports of Q1, Q2 and Q3 of 2021 and the annual financial report of 2021 have been announced and reported on May 5, 2021, August 19 2021, November 3, 2021, and March 10, 2022.	There is no difference detected.
VIII. Are there any other important information (including but not limited to the interests of employees, employee care, investor relations, supplier relations, the rights of stakeholders, the advanced study of directors and supervisors, the implementation of risk management policies and risk measurement standards, the execution of customer policy, the purchase of liability insurance for the Company's directors) that are helpful in understanding the corporate governance operation of the Company?	V	VIII. (I) Employees' rights and care to employees: 1. (1) The Company has stipulated the "Work Rules" (including work discipline, employment relations, salaries, working hours, break, holidays, leave, promotion and rotation, performance evaluation, incentive and punishment, retirement, occupational hazard, injury, and compensation and pensions, welfare, health and safety, and employee communication and cooperation) to discipline employee behavior. The "Code of Ethical Conduct" refers to ethical conduct standards, team spirit and integrity, equal job opportunity and prohibiting discrimination, health and safety of the working environment, respect for privacy and prohibiting the spread of rumors, the obligation of confidentiality, the proper production and preservation of paperwork, properly protecting the Company's assets, prohibiting insider trading, prohibiting any illegal gains by taking advantage of the job position, prohibiting conflicts of interest, preventing conflict of interest, fair trade and treatment, gifts, prohibiting bribery or illegal gains, obligation of reporting transaction authenticity, respect for the intellectual property rights of others, prohibition of engaging in any political activities, prohibition of influencing others to participate in any political activities, compliance of law and regulations, obligation of reporting any illegal acts, punishment and remedy procedures, exemptions from complying with the procedures, disclosure, and implementation. In addition, there are more disciplinary rules stipulated, such as, "Guidelines for Sexual Harassment Prevention, Grievance, and Discipline at Work Place" and "Employee Grievance" detailing various grievance channels and operating procedures to encourage and protect the informers who report any illegal and unethical act. Except for the	There is no difference detected.

			<p>“Code of Ethical Conduct” is placed on the Company’s internal and external website, the others are placed on the Company’s internal Website to be actually implemented for protecting the interests of employees.</p> <p>(2) In order to implement proper practices in handling material insider information, and maintaining secrecy throughout the process to avoid misleading investors' decisions which might otherwise compromise The Company's reputations or cause extreme share price movements, the Board of Directors had agreed to implement a new set of "Material Insider Information Procedures" during the meeting held in January 2010. Managers and employees had already been informed regarding these new rules, and the details of which are available on the corporate website and Intranet to ensure proper handling of material insider information.</p> <p>(3) Entrance code is strictly enforced at workplace and areas concerning the safety of the employees so that all employees can have a safe and suitable work environment. The passages to, the floor, staircase of the workplace, or related ventilation, light source, lighting, fire safety, emergency measures, and related equipment for employee safety and health shall be subject to routine inspection and maintenance annually. The compensation for occupational injuries and related insurance coverage is explicitly stated in the “Working Guidelines” and is posted at the intranet of the Company.</p> <p>2. In addition to group insurance, the Company has employee shareholding trust, physical examination and healthcare and other resources for the concern and care of the employees.</p> <p>3. The Company has established the Employee Welfare Committee. This Committee is responsible for the fringe benefits of the employees and hold meetings at any time as needed. In addition, the committee also holds labor-management coordination meetings quarterly.</p> <p>4. The Company has the “Guidelines for Sexual Harassment Prevention, Grievance, and Discipline at Work Place”, “Employee Grievance” and “Regulations Governing Implementation” of report system stipulated to prescribe various grievance channels and operating procedures in order to encourage and protect the informers who report any illegal and unethical act; also, setup telephone hotline and e-mail to handle grievance and suggestions filed by the employees.</p> <p>5. The Company calls for business meetings and management meeting regularly. All functional departments will call for cross-function meetings as dictated by business needs for coordination and communications among the departments.</p> <p>(II) Investor relations, supplier relations, and stakeholders' interests:</p> <p>1. The investor matters are currently handled by the Company’s Investor Relation contact person, spokesman, deputy spokesman, and Stock Affair Personnel. On the corporate website, we have also disclosed information of grievance email (auditcomm.brk@yuanta.com), the customer service email (futures@yuanta.com), the reporting hotline (02-5580-5230), and the toll-free customer service helpline (0800-333-338) for shareholders and investors to make suggestions and enquire over any doubts. There is a Q&A zone for the shareholder in the “Investors” zone of the official website of the Company for fortifying the protection of the rights and privileges of the shareholders.</p> <p>2. The Company has set the “Corporate Governance Best-Practice Principle,” “Rules Governing Trades with the Stakeholders,” “Rules Governing the Blanket Authorization for Transaction Other Than Credit Transaction with the Stakeholders,” “Transactions with Parties Governed by Self-Disciplinary Rules,” “Code of Ethical Conduct,” and “Regulations Governing Implementation of report system” also, complied with the “Procedures for Ethical Management and Guidelines for Conduct” of Yuanta Financial Holdings to have the relevant interests regulated.</p> <p>3. The Company has Investor relation contact person, Spokesperson and Deputy Spokesperson to establish communication with its stakeholders. In addition, The Company's Manager, Finance and Accounting Department, Customer Service / Trading Department etc may also contact stakeholders</p>	
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			to address specific issues. All legal disputes are handled by the Compliance Department.							
			4. Special columns on topics of the treasury, shareholders, and the operation of the Board and internal control of the Company were set up in the “About Us” zone of the Company website for the reference of the investors and stakeholders.							
			5. The Company has dealt with suppliers pursuant to the “Ethical Management Best-Practice Principles” and “Procedures for Ethical Management and Guidelines for Conduct” of Yuantan Holdings. The legality of the trade counterparty should be taken into consideration and whether there is any unethical act recorded. Try to avoid dealing with anyone with any unethical act committed; also, conduct all commercial activities with a fair and transparent practice.							
			(III)Directors' on-going education: Information regarding Directors' on-going education in the fields of corporate governance, finance, business, commerce, accounting, legal, AML/CTF courses or fair treatment to customers subjects have already been disclosed on the "Corporate Governance Section of the Market Observation Post System" (http://mops.twse.com.tw/index.htm).							
			Continuing education of the directors in 2021:							
			Title	Name	Training date		Organizer	Course name	Training hours	
					Start	End				
			Chairman	Tien-Fu Lin	2021/05/04	2021/05/04	Taiwan Securities Association	Practice and case study of anti-money laundering and countering the financing of terrorism	3	
						2021/08/03	2021/08/03	Taiwan Securities Association	Challenges and countermeasures of information security	3
						2021/09/07	2021/09/07	Taiwan Securities Association	Sustainable finance innovation and management	3
						2021/10/05	2021/10/05	Taiwan Securities Association	Introduction and response to Financial Consumer Protection Act	3
			Vice Chairman	Hsiao-Ling Chou	2021/05/04	2021/05/04	Taiwan Securities Association	Practice and case study of anti-money laundering and countering the financing of terrorism	3	
						2021/08/03	2021/08/03	Taiwan Securities Association	Challenges and countermeasures of information security	3
						2021/09/07	2021/09/07	Taiwan Securities Association	Sustainable finance innovation and management	3
						2021/10/05	2021/10/05	Taiwan	Introduction and	3

					Securities Association	response to Financial Consumer Protection Act		
Director	Hsien-Tao Chiu	2021/05/04	2021/05/04	Taiwan Securities Association	Practice and case study of anti-money laundering and countering the financing of terrorism	3		
		2021/10/05	2021/10/05	Taiwan Securities Association	Introduction and response to Financial Consumer Protection Act	3		
Director	Yueh-Tsang Li	2021/05/04	2021/05/04	Taiwan Securities Association	Practice and case study of anti-money laundering and countering the financing of terrorism	3		
		2021/10/05	2021/10/05	Taiwan Securities Association	Introduction and response to Financial Consumer Protection Act	3		
Director	Kuo-Tsun Hsu	2021/05/04	2021/05/04	Taiwan Securities Association	Practice and case study of anti-money laundering and countering the financing of terrorism	3		
		2021/08/03	2021/08/03	Taiwan Securities Association	Challenges and countermeasures of information security	3		
		2021/09/07	2021/09/07	Taiwan Securities Association	Sustainable finance innovation and management	3		
		2021/10/05	2021/10/05	Taiwan Securities Association	Introduction and response to Financial Consumer Protection Act	3		
Director	Mei-Ling Kuo	2021/05/04	2021/05/04	Taiwan Securities Association	Practice and case study of anti-money laundering and countering the financing of terrorism	3		
		2021/08/03	2021/08/03	Taiwan Securities Association	Challenges and countermeasures of information security	3		

					2021/09/01	2021/09/01	To Financial Supervisory Commission	The 13 th Taipei Corporate Governance Forum	3	
					2021/09/07	2021/09/07	Taiwan Securities Association	Sustainable finance innovation and management	3	
					2021/10/05	2021/10/05	Taiwan Securities Association	Introduction and response to Financial Consumer Protection Act	3	
			Independent Director	Yu-Chun Wu	2021/05/04	2021/05/04	Taiwan Securities Association	Practice and case study of anti-money laundering and countering the financing of terrorism	3	
					2021/08/03	2021/08/03	Taiwan Securities Association	Challenges and countermeasures of information security	3	
					2021/09/07	2021/09/07	Taiwan Securities Association	Sustainable finance innovation and management	3	
					2021/10/05	2021/10/05	Taiwan Securities Association	Introduction and response to Financial Consumer Protection Act	3	
					2021/11/04	2021/11/04	Corporate Governance Association in Taiwan	Commercial Case Adjudication Act	3	
					2021/11/04	2021/11/04	Corporate Governance Association in Taiwan	Commercial contract review	3	
			Independent Director	Nai-Kuan Huang	2021/05/04	2021/05/04	Taiwan Securities Association	Practice and case study of anti-money laundering and countering the financing of terrorism	3	
					2021/08/03	2021/08/03	Taiwan Securities Association	Challenges and countermeasures of information security	3	
					2021/09/01	2021/09/01	To Financial Supervisory Commission	The 13 th Taipei Corporate Governance Forum	6	
					2021/09/07	2021/09/07	Taiwan Securities	Sustainable finance innovation and	3	

				Association	management	
		2021/10/05	2021/10/05	Taiwan Securities Association	Introduction and response to Financial Consumer Protection Act	3
Independent Director	Hui-Erh Yuan	2021/05/04	2021/05/04	Taiwan Securities Association	Practice and case study of anti-money laundering and countering the financing of terrorism	3
		2021/08/03	2021/08/03	Taiwan Securities Association	Challenges and countermeasures of information security	3
		2021/09/07	2021/09/07	Taiwan Securities Association	Sustainable finance innovation and management	3
		2021/10/05	2021/10/05	Taiwan Securities Association	Introduction and response to Financial Consumer Protection Act	3
Former Independent Director	Cho-Min Yu	2021/05/04	2021/05/04	Taiwan Securities Association	Practice and case study of anti-money laundering and countering the financing of terrorism	3
		2021/04/16	2021/04/16	Corporate Governance Association in Taiwan	It refers to the exclusive two insurances – information security insurance for corporate governance.	3

(IV) Risk management policies and risk assessment standards:

- The risk management of the Company is pursued in accordance with the “Risk Management Policy” of the financial holding parent and the requirements of “Risk Management Best-Practice Principles for Futures Commission Merchants” of Taiwan Futures Exchange. The Company has established the “Yuanta Futures Risk Management Policy” that has been approved by the Board whereby the objective, scope, authority and responsibility of risk management system of the Company have been explicitly stated. This shall be the guideline for the enforcement of risk management.
- The risk management procedure of the Company is divided into 4 steps, namely, risk identification, risk assessment, risk management, and risk reporting. The purpose of the design of risk management procedure is to ensure all risks internal to the Company can be effectively managed.
 - (1) Risk identification: the Company identifies its risk mainly through business or product analysis whereby the risks confronting the operation of the Company, including market risk, credit risk, liquidity risk, operation risk and legal risk can be identified. Relevant risks factors were identified by sources of risks basing on which appropriate risk assessment methods were selected for determining suitable risk indicators and standards, risk control procedure and integration with the internal control system.

			<p>(2) Risk assessment: Over potential risks in the markets, the Company adopts a sensitivity analysis and risk value (VaR) model for measurement. In terms of credit risks, we have faithfully complied with Yuanta Financial Holdings Group's credit rating system. In terms of operating risks, we deal with these through efforts to set up standard operational procedures (SOP), report of operating risk impairment, operating risk control in self-evaluation as well as inspection over the internal procedures over the external events. Here at the Company, the risk management information system has primarily developed by us. On the risk factor databases and the models of financial engineering, meanwhile, Yuanta Financial Holdings renders support as necessary.</p> <p>(3) Risk management: The Company put market risks, credit risks, current risks, huge volume exposure to risks into quantized measurement under quota management. All annual limits of all varieties of risks are reviewed by the Audit Committee, verified by the Board of Directors and controlled by the Risk Management Department of the business units.</p> <p>(4) Risk reporting: Here at the Company, the performance of risk management is reported to the Audit Committee and the Board of Directors on a regular basis. The ranking supervisory heads work out policymaking process with help of a variety of risk management statements to accomplish sound risk management in real time.</p> <p>3. The Company has disclosed its risk management policy under "Transaction Information ->Risk Control" on its official website, which clearly stipulate the Company's risk management scope, main risk management authorities and responsibilities, risk management procedures and implementation status. (website at: https://www.yuantafutures.com.tw/riskcontrol_03)</p> <p>(V) Implementation of customer policies:</p> <ol style="list-style-type: none"> 1. The Company has established regulations such as "Personal Data Protection Policy" and "Personal Data Management Measures," for the proper use and protection of customers' personal data within the scope of the laws and regulations. The duty of confidentiality of customer data shall be fulfilled in order to maintain customer privacy and personal information. 2. The Company has established "Customer Dispute Handling Measures" and "Implementation Measures of Grievance System." Issues related to transaction disputes and litigation handling operations have been established in the internal control system, and a toll-free customer service hotline (0800-333-338), customer service mailbox (futures@yuanta.com) and grievance filing mailbox (auditcomm.brk@yuanta.com) have been set up. The customer service trading department collaborated with auditors and regulatory compliance personnel, and are responsible for handling issues related to customer rights and complaints. <p>(VI) Circumstances in which the Company purchases liability insurance policies for directors: The Company continues to purchase liability insurance policies for directors, independent directors and managers to pass on the Company's operational risks and help establish a sound corporate governance system.</p>	
<p>IX. Please describe the improvement performed according to the corporate governance evaluation results published by the Corporate Governance Center of Taiwan Stock Exchange in recent years, and propose the matters with priority for improvement and the respective measures.</p> <p>The Company performed well in the "Corporate Governance Evaluation" held by Taiwan Stock Exchange Corporation, and ranked among the top 5% of TPEx listed companies in the 7th "Corporate Governance Evaluation." The Company was cited by Taiwan Stock Exchange Corporation. This was the 7th consecutive year that the Company won the citation. The award granted to the Company indicates recognizing the Company's due diligence operation, the commitment to protect the best interests of shareholders, and the pursuit of a sustainable development of enterprise. In terms of the unscored evaluation indicators in the 7th Corporate Governance Evaluation, for the indicator 2.30 "Is at least one of the company's internal auditors certified as international internal auditor, international computer auditor, or a certified public accountant?" the Company's internal auditor had been certified as an international computer auditor in 2021. In addition, the Company prioritizes strengthening indicator 3.5 "Are annual financial report disclosed in English uploaded to the MOPS 7 days before the annual general meeting?" To this end, the Company plans to upload the English version of the annual financial report to the MOPS 7 days before the 2021 annual general meeting, further improving the effectiveness of corporate governance and information disclosure.</p>				

Note: Summarize the status of operations, either "Yes" or "No", in the description column.

(IV) The operation of the Remuneration Committee:

1. Profiles of the members of the Remuneration Committee

Date of information: January 1, 2022

Identity (Note 1) Qualification Name		Professional qualification and experience (Note 2)	Compliance of independence (Note 3)	Number of other public companies where the members are also the members of the remuneration committee of these companies.
Independent Director (Convener)	Nai-Kuan Huang	<p>Mr. Nai-Kuan Huang served as the Vice President and Chief Information Officer of Taiwan Stock Exchange, and Vice President of Taiwan Futures Exchange for more than seven years with extensive experience accumulated in securities and futures. In addition, he served as the Chairman of Taiwan Ratings Corporation, the VP and public welfare Supervisor of Taiwan Futures Exchange, the Chairman of Taiwan-CA Inc., and the Independent Director of Yuanta Securities Co., Ltd. He meets the professional qualification requirements stated in Article 5 of the “Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange;” furthermore, he does not meet the stipulations stated in Article 30 of the Company Act.</p> <p>Mr. Nai-Kuan Huang received a Ph.D. degree in Electrical Engineering from the University of Southern California.</p>	<p>There shall not have been or be any of the following during the 2 years before being appointed or during the term of office:</p> <p>An employee of the Company or any of its affiliates; a natural-person shareholder who holds shares, together with those held by the person’s spouse, minor children, or held by the person under any other’s name, in an aggregate amount of 1% or more of the total number of issued shares of the Company or ranking in the Top 10 in shareholding; a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer of the Company or any of its affiliates or the directors, supervisors, the principal and the principal’s spouse, minors of the affiliates, or held by the person under any other’s name in an aggregate amount of 1% or more of the total number of issued shares of the Company</p>	0

			<p>or ranking in the Top 10 in shareholding; a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the Company, or that ranks in the top-5 in shareholding, or that designates its representative to serve as a director or supervisor of the Company under Article 27, Paragraph 1 or 2 of the Company Act; the chairperson, general manager, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are the same person or are spouses; a directors (councils), supervisors (supervisors), or employees of other companies or institutions; a professional individual who provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company within the last 2 years. Mr. Nai-Kuan Huang, independent auditor, who also served as an independent director (resigned already) of Yuanta Securities Co., Ltd., a subsidiary of the same parent company during the 2 years before being appointed or during the term of office, but</p>	
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			<p>complied with Article 6, Paragraph 2 of the “Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange;” therefore, he meets the requirement of independence as stipulated in Article 6 of the “Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange.”</p>	
Independent Director	Yu-Chun Wu	<p>Mr. Yu-Chun Wu was the director of the Securities and Futures Bureau of the Financial Supervisory Commission and the President of TPEx for more than 10 years with ample experience accumulated in securities, futures, and financial supervisory matters; also, he had once served as the Independent Director of Chun Zu Machinery Industry, Independent Director of Taiwan Mask Corp., etc. He meets the professional qualification requirements stated in Article 5 of the “Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange;” furthermore, he</p>	<p>There shall not have been or be any of the following during the 2 years before being appointed or during the term of office: An employee of the Company or any of its affiliates; a natural-person shareholder who holds shares, together with those held by the person’s spouse, minor children, or held by the person under any other’s name, in an aggregate amount of 1% or more of the total number of issued shares of the Company or ranking in the Top 10 in shareholding; a spouse, relative within the second degree of kinship, or lineal relative within the third</p>	1

		<p>does not meet the stipulations stated in Article 30 of the Company Act.</p> <p>Mr. Yu-Chun Wu graduated from the College of Management of National Taiwan University.</p>	<p>degree of kinship, of a managerial officer of the Company or any of its affiliates or the directors, supervisors, the principal and the principal's spouse, minors of the affiliates, or held by the person under any other's name in an aggregate amount of 1% or more of the total number of issued shares of the Company or ranking in the Top 10 in shareholding; a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the Company, or that ranks in the top-5 in shareholding, or that designates its representative to serve as a director or supervisor of the Company under Article 27, Paragraph 1 or 2 of the Company Act; the chairperson, general manager, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are the same person or are spouses; a directors (councils), supervisors (supervisors), or employees of other companies or institutions; a professional individual who provides commercial, legal, financial, accounting or related services to the Company or any</p>	
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			<p>affiliate of the Company within the last 2 years. Mr. Yu-Chun Wu, independent auditor, who concurrently serves as an Independent Director of Yuanta Securities Co., Ltd., a subsidiary of the same parent company, but complies with Article 6, Paragraph 2 of the “Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange;” therefore, he meets the requirement of independence as stipulated in Article 6 of the “Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange.”</p>	
Independent Director	Hui-Erh Yuan	<p>Ms. Hui-Erh Yuan has been a certified public accountant for more than 30 years. She served as a partner accountant of PwC Taiwan, the Chairman of PricewaterhouseCoopers’ Corporate Finance & Recovery Group, and an Executive of the CPA ASSOCIATIONS R.O.C. (TAIWAN). She meets the requirement of professional qualification as stipulated in Article 5 of the “Regulations Governing the Appointment and Exercise of Powers by the</p>	<p>There shall not have been or be any of the following during the 2 years before being appointed or during the term of office: An employee of the Company or any of its affiliates; a Director or Supervisor of the Company or any of its affiliates; a natural-person shareholder who holds shares, together with those held by the</p>	1

		<p>Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange;" furthermore, she does not meet the stipulations stated in Article 30 of the Company Act.</p> <p>Ms. Hui-Erh Yuan holds a master's degree in accounting from the University of Missouri and a master's degree in business administration from Southern Illinois University.</p>	<p>person's spouse, minor children, or held by the person under any other's name, in an aggregate amount of 1% or more of the total number of issued shares of the Company or ranking in the Top 10 in shareholding; a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer of the Company or any of its affiliates or the Directors, Supervisors, the principal and the principal's spouse, minors of the affiliates, or held by the person under any other's name in an aggregate amount of 1% or more of the total number of issued shares of the Company or ranking in the Top 10 in shareholding; a Director, Supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the Company, or that ranks in the top-5 in shareholding, or that designates its representative to serve as a Director or Supervisor of the Company under Article 27, Paragraph 1 or 2 of the Company Act; the Chairperson, President, Director, Supervisor, or employee of other company that controls a majority of the Company's Director seats or voting shares</p>	
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			<p>and those of any other company are controlled by the same person; or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are the same person or are spouses; a Director (Executive), Supervisor (Supervisor), or employee of other companies or institutions; a Director (Executive), Supervisor (Supervisor), officer, or shareholder holding 5% or more of the shares, of a specified company or institution that has a financial or business relationship with the Company. A professional individual who provides commercial, legal, financial, accounting, or related services to the Company or any affiliate of the Company within the last 2 years. Therefore, she meets the requirement of independence as stipulated in Article 6 of the “Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange.”</p>	
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Note 1: Please indicate the relevant seniority, professional qualification, experience, and independence of each Remuneration Committee member in the form in details. Please refer to Appendix I on Page 22 for the relevant information of the directors and independent directors in details.

Note 2: Professional qualification and experience: Describe the professional qualification and experience of

each individual Remuneration Committee member.

Note 3: Compliance with the requirement of independence: Please state the independence of Remuneration Committee members, including but not limited to whether they, their spouse, or relatives within the second degree of kinship serve as directors, supervisors, or employees of the Company or its affiliates; the number of Company's shares and shareholdings held by the Remuneration Committee members, their spouses, and relative in the second degree of kinship (or in the name of others); whether they are directors, supervisors, or employees of other companies that have a specific relationship with the Company (please refer to Article 6, Paragraph 1, Subparagraphs 5~8 of the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange"), and whether they provide commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company within the last 2 years.

2. The duties of the Remuneration Committee

- (1) On a regular basis meanwhile, we reassessed the Company's policies in performance evaluation and payroll policies, system, criteria and structure for directors and managerial officers.
- (2) Amidst evaluation on a regular basis, we duly work out the salaries and remuneration for the Company's directors and managerial officers.
- (3) The Committee shall perform the abovementioned duties based on the following principles:
 - A. The performance evaluation of directors and managing officers and their remuneration should be determined by referring to the payment standard of the industry; also, by considering the reasonableness of its correlation with personal performance, company performance, and future risks.
 - B. No act intended to guide a director or a managerial officer into a deal in excess of the risk tolerance in the attempt to strive for higher pay remuneration.
 - C. The specificity of the industry and the nature of the Company's business shall be considered when determining the proportion of profit sharing for short-term performance and the changes in the payment time of part of the salary and remuneration of directors and executives.

3. Information on the operation of the Remuneration Committee

- (1) The Remuneration Committee of the Company is consisted of 3 persons.
- (2) The tenure of the 10th Committee Members: From May 24, 2018 to July 24, 2021. The Remuneration Committee had four meetings (A) held in the most recent year (2021).

The tenure of the 11th Committee Members: From July 5, 2021 to July 24, 2024. The Remuneration Committee had four meetings (A) held in the most recent year (2021).

Member attendances:

Title	Name	Actual attendance (B)	Proxy Attendance	Actual attendance (%) (B/A) (Note)	Remarks
Independent Director	Nai-Kuan Huang	8	0	100	The 10 th Independent Directors and the convener should attend 4 meetings. The 11 th Independent Directors and conveners were reelected and took office on July 5, 2021 with 4 meetings to

					attend.
Independent Director	Hui-Erh Yuan	8	0	100	The 10 th Independent Director s with 4 meetings to attend (A). The 11 th Independent Directors were reelected and took office on July 5, 2021 with 4 meetings to attend.
Independent Director	Yu-Chun Wu	4	0	100	The 11 th Independent Director s with 4 meetings to attend (A). Newly elected; re-election date on July 5, 2021
Independent Director	Cho-Min Yu	4	0	100	The 10 th Independent Director s with 4 meetings to attend (A). Former appointment; re-election date on July 5, 2021

Other remarks:

1. The Board may not accept the recommendations of the Remuneration Committee, or revise the recommendations, specify the date of the Board meeting, the term, the content of the motion, the resolution of the Board, and the response of the Board towards the opinions of the Remuneration Committee (e.g., the remuneration package passed by the Board is superior to the recommendation of the Remuneration Committee, specify the difference and the reasons): none.
2. If any of the members of the Remuneration Committee hold adverse opinion or qualified opinions with record or in written declaration against the resolutions of the committee, specify the date and the session of the committee meeting, the content of the motion, the opinions of all members and the response to the opinions of the members: none.
3. Reasons for discussions and resolutions of the Remuneration Committee and the Company's handling of employee suggestions:
 - (1) The 22nd Remuneration Committee meeting of Session Ten convened on January 27, 2021.
 - ◎ Self-evaluation results of the board and functional committee in 2020.
 - ◎ In response to the approval of managers' performance bonus.
The resolution reached by the Remuneration Committee: Approved with the consent of the board directors.
Acts to be taken by the Company in response to the opinions heard in the Remuneration Committee: The issue was duly resolved by all present directors plenary in the 39th Meeting of the 10th board of directors convened on January 27, 2021.
 - ◎ In response to the approval of performance bonus to the chairman, vice chairman and president.
The resolution reached by the Remuneration Committee: Approved with the consent of the board directors.
Acts to be taken by the Company in response to the opinions heard in the Remuneration Committee: In the 39th meeting of the 10th board of directors convened on January 27, 2021, all present directors granted the issue with a pass except those in interested involvement who withdrew from the event.
 - (2) The 23rd Remuneration Committee meeting of Session Ten convened on March 16 2021.
 - ◎ Presenting the 2020 Employees' Remuneration Distribution.

- ◎ Design of the work objectives of the managers of the Company in 2021.
 The resolution reached by the Remuneration Committee: Approved with the consent of the board directors.
 Acts to be taken by the Company in response to the opinions heard in the Remuneration Committee: In the 41st meeting of the 10th board of directors convened on March 18, 2021, all present directors granted the issue with a pass except those in interested involvement who withdrew from the event.
- ◎ The revision of part of the Regulations Governing Performance Evaluation of the Company.
 The resolution reached by the Remuneration Committee: Approved with the consent of the board directors.
 Acts to be taken by the Company in response to the opinions heard in the Remuneration Committee: The issue was duly resolved by all present directors plenary in the 41st Meeting of the 10th board of directors convened on March 18, 2021.
- (3) The 24th Remuneration Committee meeting of Session Ten convened on June 7, 2021.
- ◎ The amendments to the Company's regulations governing the management's bonus are submitted for review and discussion.
- ◎ The proposal for the remuneration of the Company's Chairman and Vice Chairman is submitted for review and discussion.
- ◎ The proposal for the salary adjustment of the Company's managerial officers is submitted for review and discussion.
 The resolution reached by the Remuneration Committee: Approved with the consent of the board directors.
 Acts to be taken by the Company in response to the opinions heard in the Remuneration Committee: In the 44th meeting of the 10th board of directors convened on June 7, 2021, all present directors granted the issue with a pass except those in interested involvement who withdrew from the event.
- (4) The 25th Remuneration Committee meeting of Session Ten convened on June 30, 2021.
- ◎ The proposal for the Company's distribution of pandemic allowance.
 The resolution reached by the Remuneration Committee: Approved with the consent of the board directors.
 Acts to be taken by the Company in response to the opinions heard in the Remuneration Committee: The issue was duly resolved by all present directors plenary in the 45th Meeting of the 10th board of directors convened on June 30, 2021.
- ◎ The revision of part of the Regulation Governing Prices and Awards of the Company.
 The resolution reached by the Remuneration Committee: Approved with the consent of the board directors.
 Acts to be taken by the Company in response to the opinions heard in the Remuneration Committee: In the 45th meeting of the 10th board of directors convened on June 30, 2021, all present directors granted the issue with a pass except those in interested involvement who withdrew from the event.
- (5) The 1st Remuneration Committee meeting of 11th convened on July 5, 2021.
- ◎ Proposal to elect the Remuneration Committee convener.
 Resolution of the Remuneration Committee: The Remuneration Committee voted in common consent in favor of the motion as stated, and elected Independent Director Huang Nai-Kuan as the convener of the 11th Remuneration Committee.
- (6) The 2nd Remuneration Committee meeting of 11th convened on July 28, 2021.
- ◎ On a regular basis meanwhile, we reassessed the Company's policies in performance evaluation and payroll policies, system, criteria and structure for directors and managerial officers.
- ◎ The proposal for the Company's distribution of performance bonus to the managerial

officers.

The resolution reached by the Remuneration Committee: Approved with the consent of the board directors.

Acts to be taken by the Company in response to the opinions heard in the Remuneration Committee: The issue was duly resolved by all present directors plenarily in the 2nd Meeting of the 11th board of directors convened on July 28, 2021.

- ◎ The proposal for the remuneration of the Company's Chairman and Vice Chairman is submitted for review and discussion.
- ◎ The proposal for the performance bonus of the Company's Chairman, Vice Chairman, President, Executive VP, and other senior executives is submitted for review and discussion.
- ◎ Presenting the 2020 Manager and Employees' Remuneration Distribution.

The resolution reached by the Remuneration Committee: Approved with the consent of the board directors.

Acts to be taken by the Company in response to the opinions heard in the Remuneration Committee: In the 2nd meeting of the 11th board of directors convened on July 28, 2021, all present directors granted the issue with a pass except those in interested involvement who withdrew from the event.

(7) The 3rd Remuneration Committee meeting of 11th convened on September 22, 2021.

- ◎ Amendment for part of the Company's "Performance evaluation rules of the Board of Directors and functional committee."

The resolution reached by the Remuneration Committee: Approved with the consent of the board directors.

Acts to be taken by the Company in response to the opinions heard in the Remuneration Committee: The issue was duly resolved by all present directors plenarily in the 4th Meeting of the 11th board of directors convened on September 29, 2021.

(8) The 4th Remuneration Committee meeting of 11th convened on November 17, 2021.

- ◎ The revision of part of the Regulations Governing Performance Evaluation of the Company.
- ◎ Amendment for part of the Company's Salary Scale and Ranks and Grades Along the Corporate Hierarchy.

The resolution reached by the Remuneration Committee: Approved with the consent of the board directors.

Acts to be taken by the Company in response to the opinions heard in the Remuneration Committee: The issue was duly resolved by all present directors plenarily in the 7th Meeting of the 11th board of directors convened on November 24, 2021.

(9) The 21st Remuneration Committee meeting of 11th convened on January 21, 2022.

- ◎ Self-evaluation results of the board and functional committee in 2021.
- ◎ The proposal for the Company's distribution of performance bonus to the managerial officers.

The resolution reached by the Remuneration Committee: Approved with the consent of the board directors.

Acts to be taken by the Company in response to the opinions heard in the Remuneration Committee: The issue was duly resolved by all present directors plenarily in the 9th Meeting of the 11th board of directors convened on January 21, 2022.

- ◎ The proposal for the performance bonus of the Company's Chairman, Vice Chairman, President, Executive VP, and other senior executives is submitted for review and discussion.

The resolution reached by the Remuneration Committee: Approved with the consent of the board directors.

Acts to be taken by the Company in response to the opinions heard in the Remuneration

Committee: In the 9 th meeting of the 11 th board of directors convened on January 21, 2022, all present directors granted the issue with a pass except those in interested involvement who withdrew from the event.
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Note:

- (1) If specific member of the Remuneration Committee resigned before the end of the fiscal year, specify the date of departure in the field of Remarks, the attendance rate to committee meetings (%) basing on the actual attendance to committee meetings during his or her term of office in proportion to the total number of committee meetings held in the same period.
- (2) There is the election of new committee members before the end of the fiscal year, specify the names of the old and the new committee members in the field of Remarks as old member, new member, or renewal of new term by old member, and the date of the election. The actual attendance rate to committee meetings (%) basing on the actual attendance to committee meetings during his or her term of office in proportion to the total number of committee meetings held in the same period.

(V) Corporate sustainability practices, and deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons thereof.

Assessment items	Actual governance			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/GTSM-Listed Companies
	Yes	No	Summary description	
I. Has the company established a governance structure to promote sustainable development, and set up a full-time (part-time) unit to promote sustainable development, which is handled by the senior management authorized by the board of directors, and the actual supervision of the board of directors?	V		I. Yuanta Futures had started planning and preparing in 2013 and then officially initiated and implemented in 2014 by adhering to the Group’s sustainable promotion strategy and core philosophy, and by following Yuanta Holding’s “Corporate Social Responsibility Best Practice Principle” and “Corporate Social Responsibility Policy and Management Rules.” The Company assigns the heads of various departments to set up a Corporate Social Responsibility team (Note 1), with the President and Executive Vice President designated as the general convener and deputy convener respectively. Also, there are seven major departments designated to promote the relevant matters, and the General Planning Department to be in charge of the Corporate Social Responsibility planning and promotion, and to report the operation of Corporate Social Responsibility to the board of directors on a regular basis (at least once a year), including the goals and policies of the sustainable development-related issues and strategies for the year and the implementation of the sustainable management in the previous year; also, the compilation of a Corporate Social Responsibility report, which shall be disclosed on the company’s “Corporate Social Responsibility” page of the website at https://www.yuantafutures.com.tw/csr_01 .	There is no difference detected.

Assessment items	Actual governance			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/GTSM-Listed Companies
	Yes	No	Summary description	
			<p>The Company's four major steps in promoting Corporate Social Responsibility policies are as follows:</p> <p>Step 1: Formulate the annual Corporate Social Responsibility direction and plan.</p> <p>2. Establish execution strategy for each plan.</p> <p>3. Invite all stakeholders to jointly participate in and implement the plans.</p> <p>Step 4: The proposals proposed by the Corporate Social Responsibility team shall be resolved by the board of directors, and reported to the board of directors on a regular basis (at least once a year) annually with a Corporate Social Responsibility report prepared.</p>	
II. Has the Company assessed the risks pertinent to the environment, society, and issues of corporate governance deriving from corporate management under the principle of materiality to map out related risk management policy or strategy?	V		<p>II.</p> <p>1. The data disclosure includes the Company's sustainable development performance at the main sites from January 2021 to December 2021. The risk assessment boundary is mainly based on the Company, including the existing sites in Taiwan, Mainland China, and Hong Kong.</p> <p>2. The Company values the opinions of the stakeholders, actively communicates with stakeholders through various channels, understands and identifies issues of their concern, analyzes stakeholders' perspectives on the environment, society, and corporate governance; also, examines the impact of various</p>	There is no difference detected.

Assessment items	Actual governance			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/GTSM-Listed Companies						
	Yes	No	Summary description							
			<p>issues on the Company’s business operations. The Company conducts relevant risk assessments on the materiality principle for environmental, social and corporate governance issues, and formulates relevant risk management policies or strategies based on the assessed risks:</p> <table><tr><th>Major issues</th><th>Risk assessment items</th><th>Risk management policy or strategy</th></tr><tr><td>Environment</td><td>Renewable energy</td><td>The Company’s various energy-saving and water-saving measures, through the promotion of environmental protection measures such as e-billing and resource recovering and reuse, and the use of low energy consumption and green energy products in the procurement of office supplies and equipment, are committed to reducing the impact of operations on the environment. In addition, a labor work environment</td></tr></table>	Major issues	Risk assessment items	Risk management policy or strategy	Environment	Renewable energy	The Company’s various energy-saving and water-saving measures, through the promotion of environmental protection measures such as e-billing and resource recovering and reuse, and the use of low energy consumption and green energy products in the procurement of office supplies and equipment, are committed to reducing the impact of operations on the environment. In addition, a labor work environment	
Major issues	Risk assessment items	Risk management policy or strategy								
Environment	Renewable energy	The Company’s various energy-saving and water-saving measures, through the promotion of environmental protection measures such as e-billing and resource recovering and reuse, and the use of low energy consumption and green energy products in the procurement of office supplies and equipment, are committed to reducing the impact of operations on the environment. In addition, a labor work environment								

Assessment items	Actual governance					Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/GTSM-Listed Companies
	Yes	No	Summary description			
					measurement report is issued by Yu Shin Safety and Health Management Consulting Co., Ltd. every year.	
				Greenhouse gas, water, and waste management	The Company introduced the ISO 14064-1 greenhouse gas inventory system in 2017, and passed the verification by the international certification organization BSI. In the future, we will continue GHG inventory every year to control GMG emissions through reviewing historical data. It is estimated that we can reduce emissions by 1% within the next five years to reduce the impact of our operations on the environmental load.	
			Society	Human rights	The Company has proposed the working guidelines as	

Assessment items	Actual governance					Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/GTSM-Listed Companies	
	Yes	No	Summary description				
						required by law, posted the guidelines at the intranet of the Company, calls for labor-management meetings regularly, and employs the handicapped and the aboriginal people as employees for the respect of the basic human right of the worker internationally recognized.	
					Supplier management policy	In order to understand the suppliers' ethical management status, the Company, in accordance with the "Procedures for Ethical Management and Guidelines for Conduct" of its affiliated group Yuanta Financial Holdings, requests vendors to provide the "Statement of Commitment to Integrity and Ethical Conduct" and business	

Assessment items	Actual governance					Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/GTSM-Listed Companies
	Yes	No	Summary description			
						transaction information and check the website of the Judicial Yuan whether they have previous records of taking bribes and providing illegal political donations. Vendors are asked to follow relevant regulations on issues such as environmental protection, safety or health, and labor human rights, and work together with the Company to improve corporate social responsibility. According to Article 20 Paragraph 2 of the “Procedures for Ethical Management and Guidelines for Conduct,” when one of the parties has conducted business activities involving an unethical act, the other party may have the contract terminated or rescinded at any time.

Assessment items	Actual governance					Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/GTSM-Listed Companies
	Yes	No	Summary description			
				Corporate governance	Law Compliance	In order to prevent violations of anti-money laundering and countering terrorism financing regulations, leakage or improper use of personal information, theft of customer transaction information, etc., which may cause major financial losses, damage to the Company's reputation and penalties by the competent authority, the Company strengthens the regulatory compliance management, including identification, measurement and monitoring money laundering and terrorism financing risks; strengthening the control of external e-mails; and establishing an internal control system to implement the self-evaluation internal

Assessment items	Actual governance			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/GTSM-Listed Companies
	Yes	No	Summary description	
			<div> <div></div> <div></div> <div>control of each department.</div> </div> <p>The information is fully disclosed on the “Corporate Social Responsibility” page of the Company’s website at https://www.yuantafutures.com.tw/csr_01.</p>	
III. Environmental Issues (I) Does the Company have an appropriate environmental management system established in accordance with its industrial character?	V		III. (I) 1. In 2016, Yuanta Financial Holdings Group successfully set up an ISO 14001 Environment Management System. Through the teamwork of the entire Group, the entire Company tries hard to conserve power and water consumption to minimize its impact on the environment. The Company tries hard to promote electronic account bills and resource recycling as well as such environmental protection efforts. In procurement of office articles and supplies, the Company aims at low consumption and green energy oriented goods. On an annual basis, the Safety & Health Management Consultation Company issues testing and monitoring reports to verify the Company’s performance in labor operating environment. 2. Yuanta Futures has successively introduced ISO 14064-1 Greenhouse Gases, ISO 45001 Occupational Health and Safety Management, ISO 20400 Sustainable Procurement, ISO 14046 Environmental Management - Water Footprint, and other verification standards since the year of 2017, and contracts	There is no difference detected.

Assessment items	Actual governance			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/GTSM-Listed Companies
	Yes	No	Summary description	
(II) Is the company committed to improving energy efficiency and using recycled materials with low impact on the environment?	V		<p>British Standards Institute (BSI) to conduct data inspection for maintaining the reliability and accuracy of data.</p> <p>(II)</p> <ol style="list-style-type: none"> 1. The business and office areas were fully equipped with variable refrigerant volume (VRV) inverter split air-conditioning systems, LED energy-saving light fixtures, and ink-jet energy-saving multi-function printers in conjunction with the relocation of the head office to a new building in June 2021 in order to improve energy efficiency; also, set up the iEN smart energy-saving system, monitor and control the energy consumption of various heavy-power-consumption equipment for optimizing energy efficiency. 2. Yuanta Futures is concerned about the heavy paper consumption and information equipment power consumption throughout the trading process. Therefore, in order to reduce the impact on the environment, the Company uses Program for the Endorsement of Forest Certification (PEFC) as the printing paper and all Energy Star information equipment. 	
(III) Has the Company assessed the potential risk or opportunity deriving from climate change and its effect on the Company at present and in the future, and mapped out the response to climate-related issues?	V		<p>(III) In supporting the policy of the Group, the Company takes the following measures in response to the potential risks and opportunities of the enterprises deriving from climate change at present and in the future.</p> <p>A.The Company has established the Task Force on Climate-Related Financial Disclosures (or TCFD) whereby</p>	

Assessment items	Actual governance			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/GTSM-Listed Companies
	Yes	No	Summary description	
(IV) Has the Company kept statistics on the greenhouse gas emission volume, water consumption volume, and total weight of wastes over the last 2 years, and mapped out the policies for managing the reduction of carbon, greenhouse gas emission, water consumption, and the generation of wastes?	V		<p>the enterprise is requested under the “Climate-Related Financial Disclosures Recommendations” of the Financial Stability Board (FSB) to provide reliable financial-based measurement information for the study of the stakeholders who in turn will propose better disclosure models for the Company in corporate reporting through the identification of the risks and opportunities deriving from climate change.</p> <p>B. In the conduct of industry risk assessment, the effect of climate change on the particular industry is included. The industry risk rating result is positively correlated with the credit and large amount exposure of the Company on the particular industry. As such, the Company included the potential risk of climate change into the assessment that yields the effect of guiding the company in the financial utilization exposure direction.</p> <p>(IV)</p> <p>1. Exactly in coordination with the Group's policies, the Company duly set up ISO 14001 Environment Management System Criteria as well oriented to the financial industry. Starting from 2017, the Company brought ISO 14064-1 Greenhouse Gas Monitoring System which had been officially verified by the International Verification Organization British Standards Institution (BSI). In the aspect of environmental management, the Company continues to operate as below:</p>	

Assessment items	Actual governance			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/GTSM-Listed Companies
	Yes	No	Summary description	
			<p>A.Exactly pursuant to the Yuanta Group's policies, outcomes in the environmental assessment and decisions resolved in managerial review, the Company duly works out or update its environmental policies.</p> <p>B.The Company duly enacted managerial specifications governing interior environments with air conditioning temperature inside offices which exactly satisfy the requirements of the Autonomous Act of Taipei City in Guidance over Energy Saving & Carbon Reduction for Industries & Commerce.</p> <p>C.Every year, the Company reassesses the performance and outcome in water and power consumption to thoroughly implement the policies to conserve water, save energy & reduce carbon and minimize greenhouse gases.</p> <p>D.Smoking is absolutely banned on all Yuanta office premises except the specified outside spaces. This policy well satisfies all laws and ordinances concerned. On a regular basis, the Company launches such acts for disinfection, deracination and acts to exterminate insect pests.</p> <p>E. The Management Committee of the Yuanta Building is the unit solely assuming the responsibility to take charge of environments. The overall maintenance & upkeep of the environment is enumerated below:</p> <p>a. Here at Yuanta amidst financial services, the key sources</p>	

Assessment items	Actual governance			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/GTSM-Listed Companies
	Yes	No	Summary description	
			<p>for greenhouse gas discharge power, water consumption and fuel for transportations. The Company has tried hard to monitor the discharge of greenhouse gas. Starting from 2017, the Company officially outsourced outside institution to monitor and verify greenhouse gas discharge.</p> <p>b. Toward the management of greenhouse gas discharge, the Company holds a strategy to promote environmental protection to implemented thoroughly energy saving & carbon reduction:</p> <p>(A) The Company implements resource recycling and launched green procurement.</p> <p>(B) The Company encourages everyone to take the stairs instead of elevator between two floors since it serves the purpose of exercising more and saving energy-consumption. The elevators are programmed for odd- and even-numbered floors separately to save the energy consumption of docking and opening and closing doors.</p> <p>(C) For entire Yuanta office premises, the average room temperature is set never below 26 degrees C.</p> <p>(D) At sunshine spots, we installed sun shade curtains to minimize solar radiation.</p> <p>(E) Promote unplugged OA equipment that will not be</p>	

Assessment items	Actual governance			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/GTSM-Listed Companies
	Yes	No	Summary description	
			<p>used for a long period of time; also, turn off light on the way out of office.</p> <p>(F) Set all business machinery & equipment into automatic standby electricity-conservation mode.</p> <p>(G) In order to save water, the Company has adjusted the water output of faucets and started to use energy-saving sensor faucets.</p> <p>(H) We heavily promote video conference system to help Yuanta staff conserve energy from traffic hassles.</p> <p>(I) For documented communications both internally and externally, we promote electronic documents through online transmission to minimize consumption of paper and carbon powder.</p> <p>2. The Company is committed to promoting environmental sustainability, and cooperating with financial holdings to procure green energy certificates with 75 renewable energy certificates procured in 2021. Also, the Company is committed to cooperating with the financial holding's environmental sustainability policy. The Company had received the "Leadership – Class A" rating from the International Carbon Disclosure Project (CDP) in 2021, which shows how the Group's efforts have been fully recognized by international professional organizations.</p>	

Assessment items	Actual governance			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/GTSM-Listed Companies
	Yes	No	Summary description	
			<p>3. The Company introduced the ISO 14064-1, the greenhouse gas inspection system in 2017, and was accredited by BSI. In 2021, the volume of direct emission of greenhouse gas was 60.727 metric tons CO₂e/year and the indirect remission of greenhouse gas was 1004.79 metric tons CO₂e/year. The Company intends to count the greenhouse gas emissions every year and apply such statistics to control greenhouse gas emissions in the future.</p> <p>4. The Group is committed to make contribution in controlling climate change, energy conservation and carbon reduction, green environmental protection, and other sustainable operation aspects permanently. The Company had procured 50 renewable energy certificates each year since 2016 to 2019, which was equivalent to using 200,000 kWh of green electricity; also, the Company had procured 75 renewable energy certificates in 2020. A total of 275,000 kWh worth of renewable energy certificates had been procured over the years. The green power transfer and supply has been initiated since March 2022, and Taichung Branch is the first futures company to adopt 100% green electricity; Yuanta Futures Taichung Branch plans to adopt 100% green electricity in 2022Q2 as a gesture of protecting earth and environmental sustainability.</p> <p>5. The Company, in addition to cooperating with the government's energy conservation and carbon reduction policies and promoting the aforementioned measures, complies with the</p>	

Assessment items	Actual governance			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/GTSM-Listed Companies								
	Yes	No	Summary description									
			<p>“Regulations Governing Energy Consumers’ Conservation Target and Implementation Plan” of the Ministry of Economic Affairs to save more than 1% power consumption annually in 2015 ~ 2020; also, the 5-year average saving in power consumption is more than 1%.</p> <p>6. The Company had formulated the “Environmental Policy” in 2016 to realize environmental protection, environmental management, and energy conservation. In response to international energy shortages, climate change, etc., the Company had formulated the “Energy and Climate Change Management Policy” in 2017 to actively respond to the trend of energy conservation and carbon reduction. The Company had also formulated energy-saving goals and plans, and incorporated sustainable operations into the business management and operations.</p> <p>7. The Company has supported the environmental goals set by the Group and strived to achieve various environmental sustainability goals with the specific quantitative indicators determined as follows:</p> <table><tr><th>Environmental goal</th><th>Short-term goal</th><th>Mid-term goal</th><th>Long-term goal</th></tr><tr><td>Category I and II carbon reduction</td><td>1. Reduce carbon emissions per</td><td>1.Reduce carbon emissions per</td><td>1. Reduce carbon emissions</td></tr></table>	Environmental goal	Short-term goal	Mid-term goal	Long-term goal	Category I and II carbon reduction	1. Reduce carbon emissions per	1.Reduce carbon emissions per	1. Reduce carbon emissions	
Environmental goal	Short-term goal	Mid-term goal	Long-term goal									
Category I and II carbon reduction	1. Reduce carbon emissions per	1.Reduce carbon emissions per	1. Reduce carbon emissions									

Assessment items	Actual governance						Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/GTSM-Listed Companies	
	Yes	No	Summary description					
				targets (2017 is the base year)	unit of revenue by 4% in 2022 compared to the base year. 2. Reduce energy consumption by 3% in 2022 compared to the base year.	unit of revenue by 6% in 2024 compared to the base year. 2. Reduce energy consumption by 5% in 2024 compared to the base year.	per unit of revenue by 8% in 2025 compared to the base year. 2. Reduce energy consumption by 7% in 2025 compared to the base year.	
				Waste reduction goal (2019 is the base year)	Reduce the volume by 1% per capita in 2022 compared to the base year.	Reduce the volume by 2% per capita in 2024 compared to the base year.	Reduce the volume by 3% per capita in 2025 compared to the base year.	
				Reduce water consumption (2019 is the base year)	Reduce water consumption by 1% per square meter in 2022 compared to	Reduce water consumption by 2.5% per square meter in 2024 compared to	Reduce water consumption by 4% per square meter in 2025 compared to	

Assessment items	Actual governance						Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/GTSM-Listed Companies
	Yes	No	Summary description				
				the base year.	the base year.	the base year.	
			Respond to renewable energy use	1. 100% green electricity for each operating site in 2022 2. Increase the use of green electricity by 2% annually.	1. In 2024, at least 4 operating locations will use green electricity 2. The use of green electricity reached the target of 1.5 million kWh	The use of green electricity reached the target of 2.7 million kWh, accounted for 2% of the total energy consumed.	
			The environmental data for the last two years are as follows:				
				2020	2021		
			Power consumption (kWh)	1981113	1552990		
	2017 (Base year)	2020	2021				

Assessment items	Actual governance						Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/GTSM-Listed Companies												
	Yes	No	Summary description																
			<div>Greenhouse gas Emissions (metric tons) (Category 1+2+3)</div> <div><table><tr><td></td><td>2019 (Base year)</td><td>2020</td><td>2021</td></tr><tr><td>Total waste (metric tons)</td><td>14.2</td><td>15</td><td>16.9</td></tr><tr><td>Water consumption (liters)</td><td>10,781,720</td><td>10,975,000</td><td>4,552,000</td></tr></table></div>					2019 (Base year)	2020	2021	Total waste (metric tons)	14.2	15	16.9	Water consumption (liters)	10,781,720	10,975,000	4,552,000	
	2019 (Base year)	2020	2021																
Total waste (metric tons)	14.2	15	16.9																
Water consumption (liters)	10,781,720	10,975,000	4,552,000																
IV. Social Issues (I) Does the Company have the relevant management policies and procedures stipulated in accordance with the relevant laws and regulations and international conventions on human rights?	V		IV. (I) 1. The Company follows the financial holdings’ safeguarding and protecting basic human rights to formulate the “Human Rights Policy” by referring to the “Universal Declaration of Human Rights,” “United Nations Global Compact,” “International Labor Conventions,” and the spirit and basic principles of human rights protection disclosed in other				There is no difference detected.												

Assessment items	Actual governance			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/GTSM-Listed Companies
	Yes	No	Summary description	
(II) Has the Company established and pursued reasonable welfare policies for the employees (including remuneration, holidays, and other benefits), and reflected the performance or result	V		<p>international human rights covenants, which includes the protection of human rights at workplace, providing a healthy and safe workplace, and propaganda of human rights policy so to realize the responsibility to respect and protect human rights. In order to substantiate the “Human Rights Policy,” the Company has initiated identifying risks on human rights issues and formulating the corresponding management measures, regularly evaluated the effectiveness and adjusted management measures according to the evaluation results in order to control and mitigate risks, and to optimize the Company’s human rights protection and to have them disclosed on the “Human Rights Policy” and “Human Rights Risk Assessment and Management” pages on the Company’s website at https://www.yuanta futures.com.tw/csr_07 and https://www.yuanta futures.com.tw/csr_10.</p> <p>2. The Company has work rules reported lawfully and disclosed on the Company’s internal website, held labor-management meetings regularly, actively recruited handicaps and aboriginal people to show the respect for internationally recognized principles of basic labor rights.</p> <p>(II) The Company provides a fair, reasonable, and competitive salary system. The male employees accounted for 49.76% and female employees accounted for 50.24% in 2021; also, there were more than 40% mid-level and high-level</p>	

Assessment items	Actual governance			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/GTSM-Listed Companies
	Yes	No	Summary description	
<p>of operation on the remunerations to the employees?</p> <p>(III) Does the Company provide employees with a safe and healthy work environment, and provide safety and health education to employees regularly?</p>	V		<p>supervisors were female. The Company provides annual promotion and salary raise to outstanding employees according to the employee performance management rules; also, appropriates performance bonus according to the Company's annual operating results, as well as the employee's performance evaluation and job performance. The Company provides employee with welfares, including three festivals (Chinese New Year, Dragon Boat Festival, and August Moon Festival) gift money, employee shareholding trust subsidies, birthday gift money, marriage subsidies, maternity subsidies, hospitalization and medical subsidies, funeral subsidies, emergency assistance subsidies, employee assistance programs (EAP), employee children's education scholarships, group activities, and diversified welfare system. The Company is a happy enterprise that values the importance of a healthy and friendly workplace, provides various convenient measures, and offers employees with comprehensive care and protection.</p> <p>(III) 1. The Company has introduced the ISO45001:2018 Occupational Health and Safety Management System in 2021 to initiate a comprehensive occupational safety management with the safety and health work code reported lawfully. The Company had report zero occupational accident in 2021, which was</p>	

Assessment items	Actual governance			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/GTSM-Listed Companies
	Yes	No	Summary description	
			<p>disclosed on the Company's internal website. The Company also provided occupational compensation and related insurance payments to colleagues for any incident occurred during their reporting to work and getting off work.</p> <p>2. The occupational safety and health education and training arranged in 2021 are as follows:</p> <p>Occupational safety and health education and training for new recruits: 61 person-times</p> <p>3-year occupational safety and health education and training for internal employees: 419 person-times</p> <p>External occupational safety and health education and training: 16 person-times</p> <p>3. The building administration personnel, in addition to checking and maintaining the fire-fighting system and disaster prevention equipment regularly, at where the head office is located shall strictly implement 24-hour access control and security control to provide the Company's employees with a safe and satisfactory workplace. Arrange a physical checkup that is superior to the mandatory requirement for the employees regularly, and contract special occupational physicians to provide the employees with health consultation services in the Company lawfully; also, appoint a nurse to arrange health related activities regularly, such as, health seminars, health promotion, quit-smoking competitions, and</p>	

Assessment items	Actual governance			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/GTSM-Listed Companies
	Yes	No	Summary description	
(IV) Does the Company have an effective career capacity development training program established for the employees?	V		<p>health information referrals, so to take care of employees' health in the sense of physical, mental, and social aspects. In response to the COVID-19 pandemic, arrange contingency plans (such as, daily pandemic reporting mechanism, workplace pandemic prevention and disinfection, home quarantine, alternating office, etc.), and reserve goggles, isolation masks, isolation gowns, masks, rapid test kits and alcohol, and other anti-pandemic materials; also, exercise televised care for those infected and suspected of infection in quarantine.</p> <p>(IV) The Company bases on the 2021 development strategy and operational goals, the core concept of "innovation and sustainability, and cross-border navigation," and the Group's comprehensive development strategies and enterprise sustainable development of "stabilizing the core competence and driving for growth" to promote the three projects, including the cultivation of international management talents, futures talents, and successors. In addition to arranging training programs for new recruits, the on-job training program, professional training programs, and managerial and occupational training programs for the incumbents; the Company helps the incumbent officers and employees expand their horizon through their work experience, project support, and internship, and helps them fulfill personal development needs, strengthen the management functions</p>	

Assessment items	Actual governance			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/GTSM-Listed Companies
	Yes	No	Summary description	
			<p>and professional capabilities of supervisors and employees through the mechanism of job substitute, job rotation, and project training, as well as digital learning. The Company has the “Guidelines for the Management of Employee Education and Training” formulated so to help employees build up effective career ability in order to inspire the potential of employees and cultivate outstanding talents.</p> <p>1. Cultivation of international operation talents: The Company has planned the recruitment campaign of “Talents Gathering and Eyes on Asia-Pacific” with the internal recruitment positions classified into four categories for the synergy of joint effort. The Company expects to have more outstanding salespersons, international brokers, and logistics elites to join by having physical and online talent recruitment briefings arranged in 20 colleges and universities. In addition, have MA transferred to the Foreign Juristic Person Department and the Back Office Clearing Department for job rotation and training in order to substantiate the concept of long-term international operation management talents training and to enhance the cohesion and consensus formed among colleagues.</p> <p>2. Cultivation of futures talents: Enhance the promotion of anti-money laundering, legal</p>	

Assessment items	Actual governance			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/GTSM-Listed Companies
	Yes	No	Summary description	
			<p>compliance, risk management, internal audit and internal control, financial consumer protection, treating clients fairly, and other related trainings continuously with a total of 2,456.5 hours arranged and 2,189 participants involved; personal data protection and information security related training with a total of 1,641.69 hours arranged and 1,726 participants involved. In addition, according to the Company's operation and development strategy, the cultivation of new recruits, financial talents, Corporate Social Responsibility, ethical corporate management, and other organizational cultural values with a total of 4,837.73 hours arranged and 5,471 participants involved.</p> <p>3. Cultivation of successors</p> <p>The Company bases on the professional qualification, work performance, development potential, agreeing to the Company's core values, and personal career plan of key talents to choose the right candidates for the positions of vice supervisor of each department that have to regularly participate in the Company's important meetings, to act as an intern of the manager in order to understand the Company's overall development strategy, cross-company communication and coordination mechanism, decision-making and policy implementation, and other management practices; also, to form the way of thinking</p>	

Assessment items	Actual governance			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/GTSM-Listed Companies
	Yes	No	Summary description	
(V) Has the Company followed relevant regulations and international standards, and formulated consumer protection or client interest related policies and complaint procedures for customer health and safety in products and services provided, customer privacy, marketing, and labeling?	V		<p>and the finesse of execution as the management shall be. The Company has the “cultivation of successors” included as an important indicator for the performance evaluation of supervisors. The development and maturity of each intern is measured regularly during the annual and interim performance evaluation.</p> <p>(V) The Company is a futures commission merchant and has acted to protect the interests of traders in accordance with the “Guidelines for Promotional Materials and Advertisement Performed by Members of Chinese National Futures Association” and the relevant futures commission merchant laws and regulations. For the personal information protection of customers, the Company has truly implemented customer data confidentiality measures to protect customer privacy and enhance the security of personal data in accordance with the “Customer Information Protection Policy of Yuanta Financial Holdings Co., Ltd. and Subsidiaries,” “Privacy Protection Statement of Yuanta Financial Holdings Co., Ltd. and Subsidiaries” and the “Personal Data Protection Policy,” “Rules Governing Personal Data Management,” and other internal regulations of Yuanta Futures. Arrange financial courses occasionally, and provide information related to instruments and services on the website in order to help customers recognize the instruments and their personal rights and</p>	

Assessment items	Actual governance			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/GTSM-Listed Companies
	Yes	No	Summary description	
(VI) Has the Company established the supplier management policy to demand suppliers observe applicable rules and regulations governing	V		<p>interests. Customers are able to obtain sufficient information through various channels. The Company has the “Treating Clients Fairly Policy” and “Treating Clients Fairly Strategy” formulated to have the rights and interests of financial consumers fully protected. The Treating Clients Fairly Committee meeting is convened on a quarterly basis with the relevant discussions and resolutions reported to the board of directors so to eliminate the information gap with customers and to follow up and substantiate business development continuously. The disputes over the transactions conducted with customers will be handled in accordance with the “Rules Governing Disputes with Clients” and “Enforcement Rules Governing Customer Complaint Process” of Yuanta Futures. Construct satisfactory customer complaint channels to handle customer complaints, and grasp the process of the complaint filed and the reply to the appellants. Yuanta Futures obtained “ISO 10002:2018 Quality Management - Customer Satisfaction” service verification in 2021 so to further improve the service quality. Yuanta Futures is the first futures merchant in Taiwan to qualify for this certification and has established a more comprehensive customer complaint procedure.</p> <p>(VI) The Company has the transactions with the suppliers processed in accordance with Article 16~20 of the “Procedures for Ethical Management and Guidelines for</p>	

Assessment items	Actual governance			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/GTSM-Listed Companies
	Yes	No	Summary description	
environmental protection, occupational safety and health, or labor rights, and the state of implementation?			Conduct” that is also applicable to the other members of the Group. (I) For understanding the state of operation of the contracting parties in business better, the Company shall include the clause of ethical management in the agreements, and shall request respective suppliers to provide the declaration of ethical management and information on business transactions for reference. In addition, the Company shall also check the legal status of these parties at the website of the court to confirm if there is a history of receiving bribes and/or the offering of illegal political contribution. Request manufacturers to sign a supplier’s safety and health commitment letter, undertaking work hazard notification form, work safety commitment letter, and convening a joint operation agreement organization in accordance with the Occupational Safety and Health Act. Further, the Company requires suppliers to comply with applicable rules and regulations governing environmental protection, safety and health, and human rights of laborers for the joint effort in upgrading corporate social responsibility. According to Article 20 Paragraph 2 of the “Procedures for Ethical Management and Guidelines for Conduct,” when one of the parties has conducted business activities involving an unethical act, the other party may have the contract terminated or rescinded at any time.	

Assessment items	Actual governance			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/GTSM-Listed Companies
	Yes	No	Summary description	
V. Has the Company consulted the standard or directions commonly used worldwide in compiling the sustainability responsibility report for the disclosure of non-financial information on the Company? Is the aforementioned report subject to the validation or guarantee by a third-party accreditor?	V		<p>V.</p> <p>(1) In terms of the Company's Corporate Social Responsibility, the Company has it disclosed in the annual report; also, has it announced in the annual non-financial information report since the year of 2015. The "Yuanta Futures 2020 Corporate Social Responsibility Report" was announced in June 2021, which was also announced in the "Corporate Social Responsibility" page of the Company's website and in the Market Observation Post System that included the Company's 2020 performance in the aspect of economy, society, corporate governance, and environment, as well as management policies and actions on major subjects.</p> <p>(2) The Company has the Corporate Social Responsibility report prepared in accordance with the Global Reporting Initiative (GRI) and the "Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TPEX Listed Companies."</p>	There is no difference detected.
<p>VI. Where the Company may have established its own ethical management best-practice principles in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies", and shall elaborate the practice of sustainable development and the variations from the aforementioned regulation:</p> <p>Yuanta Financial Holdings had formulated "Corporate Social Responsibility Best Practice Principles" and "Corporate Social Responsibility Policies and Management Rules" in accordance with "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies" in order for all corporate members of our group including the Company to comply. Currently there is no significant difference in operations.</p>				

Assessment items	Actual governance			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/GTSM-Listed Companies
	Yes	No	Summary description	
VII. Other important information to help understand the promotion of sustainable development:				
(I) Social care:				
<div>1. The Company had donated COVID-19 pandemic-prevention materials to medical institutions in 2021, of which, NT\$5 million was donated to Taipei Veterans General Hospital so to setup the “pandemic prevention wards and injection stations related facilities, equipment, and consumables” and “standard negative pressure intensive care units.”</div> <div>2. In 2021, the Company donated NT\$4.00 million to the “Yuanta Foundation,” and actively participated in various cultural, educational and social welfare activities, covering six aspects “Volunteer input. Public welfare platform,,” “Assistance to disadvantaged assistance. Child Care,” “Study and cultivation assistance. Youth Self-reliance,” “Inclusive finance. Innovation and development,” “Medical care. Elderly care” and “Community service. Environmental protection” to promote corporate social responsibility.</div> <div>3. The Company had donated NT\$1.05 million in 2021 to “Yuanta-Polaris Research Institute” to support the academic research institute studying the macroeconomy of Taiwan and other major nations, finance, and instruments, to implement important annual plans, and to share the research results with the community.</div> <div>4. In 2021, the Company donated NT\$375,000 to "Taiwan Financial Services Roundtable Co. Ltd." as fund for public interests for financial services. That was recognized as a very significant event for the corporate social responsibility (CSR) of financial institutions.</div> <div>5. The Company intends to make contribution to the ecological environment in Taiwan with a support extended to the “Tamsui River Pact” that was initiated by CommonWealth Magazine in recent years: Do one thing for Tamsui River and respond to the “Oceanic Movement” of cleaning up the PET bottles at the coastal line advocated by the Business Today. Supervisors and colleagues of the Company come with their families to join us for the event, encourage employees to practice environmental protection, and invite many suppliers to participate to make contribution for the good of the society taking as a whole and the earth, and to help colleagues get to know the natural ecology through this grand opportunity.</div> <div>6. The Company, for the purpose of substantiating Corporate Social Responsibility, has initiated and participated in the public welfare marathon for the Earth, advocated the use of outdoor activities to reduce power consumption, and repaired the Earth with actions. The Company responded to the 0422 World Earth Day in advance, achieved the goal of sustainable development, stayed close to the nature, and improved employees’ physical fitness.</div> <div>7. The Company is the first organization to pass the certification mark of “Alzheimer Patients Friendly Financial Institution” in response to the incoming difficulties faced by an aging society. The Company strives to expand practical action to the community, and to organize the Alzheimer</div>				

Assessment items	Actual governance			Deviation and causes of deviation from the Sustainable Development Best Practice Principles for TWSE/GTSM-Listed Companies
	Yes	No	Summary description	
<p>patient care activities together with Wisdom Foundation and to urge the colleagues and suppliers to participate.</p> <p>8. The Company organizes various public welfare activities on a quarterly basis. In addition to encouraging colleagues to actively participate, the Company also invites suppliers to participate (such as, procuring local produces, initiating the collection of necessities and cash to be donated to East Africa, collecting used books to be donated to school children, etc.) so to do good for the disadvantaged jointly.</p> <p>9. In response to the coronavirus pandemic, the Company initiated the solicitation of charity resources, pandemic-fighting supplies and ordering agricultural products to help fruit farmers, and encouraged teamwork to do good and help the disadvantaged.</p> <p>10. The Company employs the handicapped as employees too.</p> <p>11. The Company actively participates in public welfare activities.</p> <p>12. The Company had cooperative education contracts signed with several colleges and universities to provide internships to students with the opportunity to experience hand-on operation at the workplace; also, invited students and teachers of the cooperating schools to visit the Company.</p> <p>(II) Energy conservation:</p> <p>1. Promote electronic billing activities to save paper usage.</p> <p>2. Promote the environmental protection policy of power-saving, water-saving, and energy conservation; also, disclose annual carbon emissions on MOPS.</p> <p>3. Efforts toward resource recycling and reuse.</p>				

Note 1: The Company intends to expand the concept of Corporate Social Responsibility to the sustainable development of enterprises in 2022 with the relevant content amended accordingly.

Note 2: If the status of operation is checked “Yes,” please explain the key policies, strategies, measures and implementations adopted. If checked “No,” please explain the reasons and relevant policies, strategies and measures to be adopted in the future.

Note 3: If a CSR report is published, state the methods to access the CSR report or replace it with a report index in the operation status.

Note 4: The materiality principle refers to the environmental, social and corporate governance issues which have a significant influence on the Company’s investors and other interested parties.

(VI) The Practice of Ethical Corporate Management and Related Policies and Variation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-listed Companies:

Assessment items	Actual governance			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the reasons
	Yes	No	Summary description	
<p>Business Integrity Policy and action plans</p> <p>(I) Has the Company specified its policy and method for the implementation of ethical corporate management approved by the board of directors in its internal rules and regulations and external documents, and have the Board and the management of the Company promised to pursue the policy of ethical corporate management?</p>	V		<p>(I)</p> <p>1. According to Article 1 of the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies” all TWSE/GTSM-Listed companies shall establish their principles for ethical management in accordance with the aforementioned rules and shall be applicable to their subsidiaries, organizations or groups that the companies have directly or indirectly donated more than 50% of their funds accumulatively, and institutions or group enterprises or business organizations that the companies have actual power of influence. As such, the Company has complied with the “Yuanta Financial Holding Company Limited Best-Practice Principles in ethical management”, and “Operation Procedure and Code of Conduct in ethical management”.</p> <p>2. Yuanta Financial Holdings Corporation coordinates with the policy of the Financial Supervisory Commission and the "Procedures for Ethical Management and Guidelines for Conduct" and "Sample Template for Procedures for Ethical Management and Guidelines for Conduct" published by Taiwan Stock Exchange. The board of directors passed and instituted the “Yuanta Financial Holding Ethical Corporate Management Best Practice Principles” and the</p>	There is no difference detected.

Assessment items	Actual governance			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the reasons
	Yes	No	Summary description	
			<p>“Yuanta Financial Holding Ethical Corporate Management Procedure and Code of Conduct” on October 25, 2011 and December 27, 2011, respectively. In response to the TWSE’s amendments of the “Procedures for Ethical Management and Guidelines for Conduct,” the Company amended its in-house “Yuanta Financial Holdings Procedures for Ethical Management and Guidelines for Conduct” on February 13, 2020, which has been approved by the board for implementation on September 23, 2020.</p> <p>3. To facilitate the procedure, the Company has designated a dedicated unit to be in charge of implementing relevant operations and reporting to the board of directors on a regular basis. The Companies also abided by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and establish good corporate governance, risk control and management mechanism to create an operational environment for sustainable development.</p> <p>4. The Company has the Ethical Management Committee organized to establish a business culture of ethical management and to substantiate ethical management; also, has the “Rules Governing the Establishment of Ethical Management Committee” setup in accordance with the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” of Taiwan Stock Exchange; also, complies with the “Ethical</p>	

Assessment items	Actual governance			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the reasons
	Yes	No	Summary description	
(II) Has the Company developed the mechanisms for the assessment of integrity risk with routine analysis and assessment on business activities exposed to higher integrity risk in the operation based on which the Company planned for the prevention of unethical practices? The content shall cover at least the preventive measures contained in Paragraph 2 in Article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX-listed Companies.”	V		<p>Management Best-Practice Principles” and “Procedures for Ethical Management and Guidelines for Conduct” of Yuanta Financial Holdings.</p> <p>(II)</p> <p>1. The acts of fraud and fraudulent interest, committing or accepting bribes, providing illegal campaign contributions, improper charitable donations or sponsorships and un-reasonable gifts, and hospitality or other improper benefits are prohibited explicitly in the “Ethical Corporate Management Best Practice Principles for Yuanta Financial Holdings.” The “Procedures for Ethical Corporate Management and Guidelines for Conduct” are regulated. In addition, the disciplinary action and complaint system for any violation of corporate management is stipulated. The job title and name of the violator, date of violation committed, the content of the violation committed, and the handling of the said violation are disclosed on the website in a timely manner. Since April 1, 2020, the Company has implemented risk assessment measures against unethical conduct, analyzed and assessed on a regular basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, and prepared audit plans and other operations in accordance with the “Ethical Corporate Management Best-Practice Principles” of Yuanta Financial Holdings.</p> <p>2. In order to substantiate the risk assessment mechanism for</p>	

Assessment items	Actual governance			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the reasons
	Yes	No	Summary description	
(III) Has the Company established plans for the prevention of unethical practices, and has it specified the operation procedures, code of conduct, and punishment for violation, and the system of complaints in the plans and properly implemented these plans with routine review and revision?	V		<p>unethical conducts, the “2020 Unethical Conduct Risk Evaluation” was performed in 2021 in accordance with the Company’s “Guidelines for the Potential Risk Assessment of Unethical Conduct by Yuanta Futures Co., Ltd.” that was stipulated by the Company on October 25, 2021. The impact of 11 criteria is evaluated in respect to the business nature of each unit, the possibility of occurrence, the effectiveness of control, the degree of substantiation, and the corrective action or measure. It is concluded based on the risk distribution graphic prepared according to the risk self-assessment results of each unit within the Company that the Company’s overall potential risk is “low,” and each unit has respective prevention and control mechanism in place to respond to each potential risk.</p> <p>(III) In mapping out the plans for the prevention of breach of integrity, what measures have the Company adopted to prevent the offering and acceptance of bribes, the offering of illegal political contribution in the area of business activities vulnerable to the breach of integrity. In addition, all procurements are handled in accordance with the “Procedures for Ethical Management and Guidelines for Conduct” of Yuanta Financial Holdings.</p>	
II. Proper enforcement of Ethical Management				
(I) Does the company have the integrity of the trade counterparty assessed and with the	V		(I) For understanding the state of operation of the contracting parties in business better, the Company shall include the clause	There is no difference detected.

Assessment items	Actual governance			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the reasons
	Yes	No	Summary description	
<p>code of integrity expressed in the contract signed?</p> <p>(II) Has the Company established a designated body directly under the Board for administering ethical corporate management with routine report to the Board (at least once a year) on the pursuit of the ethical corporate management policy and the plans for the prevention of unethical practices, and the supervision of the implementation of these policies?</p>	V		<p>of ethical management in the agreements, and shall request respective suppliers to provide the declaration of ethical management and information on business transactions for reference. In addition, the Company shall also check the legal status of these parties at the website of the court to confirm if there is a history of receiving bribes and/or the offering of illegal political contribution.</p> <p>(II)</p> <ol style="list-style-type: none"> 1. In accordance with the “Procedures for Ethical Management and Guidelines for Conduct” of the affiliated group Yuanta Financial Holdings and the Company’s “Measures for Establishment of Ethics Committee,” the Company officially established the “Ethics Committee” in August 2015. The committee has one chairperson and several committee members who are the department heads of the Regulatory Compliance, Risk Management, Comprehensive Planning, Management and others. The committee holds meeting at least once a year to assist the board and management to audit and evaluate whether the preventive measures established by the ethics management are working effectively. The committee regularly evaluates the compliance of the business process and produces reports to further enhance the sound management of the Company’s ethics management. 2. The status of the pursuit of corporate governance and ethical corporate management in 2021 will be reported to the 10th Board 	

Assessment items	Actual governance			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the reasons
	Yes	No	Summary description	
(III) Has the Company established the policy for the avoidance of the conflict of interest and provided appropriate channels for reflection, and pursued the policy properly?	V		<p>in the 11th session dated March 2, 2022. The reports are then disclosed on the Company's website and the annual report.</p> <p>(III)</p> <ol style="list-style-type: none"> 1. The Company formulated the "Codes of Ethics" to establish that when the company's directors or managers take advantage of their positions and authorities to involve themselves or their spouse, parents, children, or relatives within the second degree of kinship, and the affiliated enterprise at which a director, supervisor, or managerial officer works in business interactions with the company, they shall declare initially the information, and comply with a legitimate and appropriate means to handle or avoid the conflict of interest. The company established a sound management mechanism and implemented in the internal control and external business activities to enhance the effect of the ethical corporate management. 2. The company has formulated relevant regulations such as "Audit Committee Charter," "Rules of Procedure for Board of Directors Meetings," and "Codes of Ethics," etc. For the recusal of relevant corporate personnel (including directors) due to conflicts of interest, prohibition against disclosure of confidential information, Prohibition against insider trading, and Non-disclosure agreement, they shall be handled under relevant regulations. 	
(IV) Has the Company established an effective	V		(IV)	

Assessment items	Actual governance			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the reasons
	Yes	No	Summary description	
accounting system and internal control system for the proper pursuit of ethical corporate management? Has the internal audit function designed a relevant audit plan on the basis of the assessment result of integrity risk for the prevention of unethical practices and compliance of related rules and regulations, or commissioned certified public accountants to conduct audits on unethical practices?			<ol style="list-style-type: none"> 1. The Company has established its accounting system in accordance with the Company Act, Futures Trading Act, Regulations Governing the Compilation of Financial Statements by Futures Commission Merchants, Statement of Financial Accounting Standard, and IFRS recognized by the Financial Supervisory Commission as the guide for all functional units in accounting. In addition, the Company also commissioned PwC Taiwan to conduct audit (review) on the financial statements. 2. Under the code of ethical corporate management, the Company has established effective an internal control system with timely amendment in accordance with applicable laws and internal management needs so that all functional units can follow and avoid unethical practices of their staff. Additionally, while the corporate personnel involving any dishonest behavior, except that the internal audit department shall be instructed to conduct the audit, and the dedicated unit submitted to the board of directors a report on the unethical conduct, actions taken, and subsequent reviews and corrective measures. In the event other persons are suspected of engaging in unethical conduct to the Company and involving illegal affairs, the internal audit department shall submit relevant audit results to the legal compliance department in order for the legal compliance department to assist the Company in reporting the relevant facts to the inspection unit. 	

Assessment items	Actual governance			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the reasons
	Yes	No	Summary description	
(V) Has the Company organized corporate management internal and external education and training programs on a regular basis?	V		<p>3. The Internal Audit function of the Company conducts audits on the internal control system and the accounting system in accordance with the annual audit plan for assurance of compliance, and compiles all the audit findings into reports to present to the Auditing Committee and the Board. There was not any violation against ethical management found in the 2021 internal audit.</p> <p>(V) The Company regularly conducts training courses on “Ethics Management and Regulatory Compliance Promotion” every year. All 412 employees must participate in and pass the test (a total of 415 people participated in 2021, and all employees passed the test) to ensure that they have the correct awareness and basic judgment capability toward the relevant laws and ethical behaviors. In 2017 courses on corporate social responsibility were added, which has helped employees fulfill corporate social responsibility through learning of regulatory compliance and the practices of ethics management. In addition, the external training programs are handled in accordance with the “Guidelines for Employee Education and Training.”</p>	
<p>III. The operations of the Company’s Report System</p> <p>(I) Does the Company have a specific report and reward system stipulated, a convenient report channel established and a responsible staff</p>	V		<p>(I) We have set up reporting channels including the hotline, helpline, email address, and mail address on the corporate website. In addition, we have established the “Report System” section on the corporate website to encourage healthy operations and develop an</p>	There is no difference detected.

Assessment items	Actual governance			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the reasons
	Yes	No	Summary description	
<p>designated to handle the individual being reported?</p> <p>(II) Has the Company established the standard operation procedures for the investigation of complaints as reported, follow-up actions after the investigation, and related mechanisms for confidentiality?</p>	V		<p>integral and transparent corporate culture. We keep the whistleblower and the report strictly confidential. After the acceptance of the compliance department, the report is referred to the audit department for investigation. In addition, the corporate management and employee performance evaluation and human resources policy are combined to establish a clear and effective disciplinary and appeal system.</p> <p>(II) The Company established the “Regulations Governing Whistle Blowing” in September 2018 for the development of integrity and transparent corporate culture, which has been passed by the Board. It is explicitly stated in the regulations that if the Company discovers or it is reported from whistle blowers any unethical practices of Company staff, the investigation unit will proceed to investigate in accordance with related principles and procedures, including the request for assistance from different departments, notifying the accused or related parties for explanation and defense, and request the others who have experience for assistance. The findings from the investigation will be compiled into a report in writing, and submitted to the senior officers, President, and the review board for review and to the Board, depending on the identity, the position of the accused and the rule of gate approval. If a case is confirmed in the investigation, we will take immediate actions to inhibit the occurrence, prevent it from recurrence, or take emergency response with respect to other related laws and regulations and</p>	

Assessment items	Actual governance			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the reasons
	Yes	No	Summary description	
(III)Has the Company taken proper measures to protect the whistle-blowers from suffering any consequence of reporting an incident?	V		<p>the Company’s regulations. For serious offences or damage, shall report the subsequent actions and improvement measures to the Audit Committee. We will also claim from the respondent by law, where necessary, to maintain the goodwill and rights and interest of the Company. The respondent may express his/her opinions and file a grievance. After a penalty proposal is confirmed, we will order related units to submit a written review report, and the investigation unit shall follow up the improvement until completion to eliminate the recurrence of the same offences, in order to enforce ethical management. The clause of confidentiality is explicitly stated in the “Regulations Governing Whistle Blowing,” “Ethical Corporate Management Best Practice Principles,” “Ethical Corporate Management Procedure and Code of Conduct,” and the declaration of confidentiality by those involved in handling the complaints (including the person responsible for receiving complaint e-mails), including the identity and examples presented by the whistle blowers, and no disclosure of any information that could lead to the identification of related parties.</p> <p>(III)Apart from specifying the measures to protect the whistleblower against improper treatments after reporting in the “Regulations for Implementation of the Whistleblowing System”, the “Code of Ethics and Conduct”, and “Ethical Management SOP”, and the “Procedures for Ethical Management and Guidelines for Conduct”, we also post them on the “Reporting System” section</p>	

Assessment items	Actual governance			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the reasons
	Yes	No	Summary description	
			on our corporate website. In terms of the implementation of the system, in addition to regular or irregular review of the acceptance of grievance filing cases, the case handling unit regularly reports to the board on the implementation of the system every six months. In addition to the email box for grievance filing reviewed by the case handling unit, the audit committee members adopting the principle of independence examine the emails in a timely manner to understand the status of cases reported, supervise and guide the overall operation of the reporting system, and ensure the effective operation of the reporting practice.	
IV. Enhanced information disclosure Does the Company have the contents of corporate management and its implementation disclosed on the website and MOPS?	V		(I) We update information in relation to ethical management on the corporate website from time to time, including the “Code of Ethics and Conduct and Other Regulations”. We also disclose information regarding the status and effectiveness of implementation of our “Ethical Corporate Management Best Practice Principles”. (II) The Management Department of the Company shall load relevant information to the intranet of the Company at any time as needed. Currently, the department has announced the “Particulars for Procurement Management” and “Directions for Supplier Management”, which covers ethical management and related operation procedure.	There is no difference detected.
V. Where the Company may have established its own ethical management best-practice principles in accordance with the “Ethical Corporate Management				

Assessment items	Actual governance			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the reasons
	Yes	No	Summary description	
Best Practice Principles for TWSE/GTSM-Listed Companies”, and shall elaborate the practice of ethical management and the variations from the aforementioned regulation:				
The Company has complied with the “Yuanta Financial Holding Company Business Integrity Best-Practice Principles” and “Yuanta Financial Holding Company Business Integrity Operation Procedure and the Code of Conduct” in operation. There is no significant variation for the time being.				
VI. Other vital information that helps to understand the practice of ethical management of the Company (e.g., the review and revision of the best-practice principles of the Company in ethical management)				
The Company has established the “Supplier Management Essentials” to effectively manage suppliers, improve procurement quality and jointly advocate for corporate social responsibility with suppliers. The Company also requires suppliers to comply with the provisions of the ethics management clauses and the “Procedures for Ethical Management and Guidelines for Conduct” established by Yuanta Financial Holdings to ensure product and service quality and effectively control and reduce operating costs. For understanding the state of ethical management of the prospective contracting parties, the Company shall announce its determination of ethical management, and specify ethical management into the agreements. In addition, the Company shall request respective suppliers to provide the declaration of ethical management and information on business transactions for reference. In addition, the Company shall also check the legal status of these parties at the website of the Judicial Yuan to confirm if there is a history of receiving bribes and/or the offering of illegal political contribution.				

Note: Summarize the status of operations, either “Yes” or “No”, in the description column.

- (VII) Where the Company may have established related internal code governing best-practice of corporate governance, disclose the means for inquiry: for further information, visit the website at <http://www.yuantafutures.com.tw/> and MOPS at <http://mops.twse.com.tw/mops/web/index>, the stock code of the Company is 6023.
- (VIII) Vital information that helps to understand the practice of corporate governance of the Company shall be disclosed: for further information, visit the website at <http://www.yuantafutures.com.tw/> and MOPS at <http://mops.twse.com.tw/mops/web/index>, the stock code of the Company is 6023.

(IX) The implementation of internal control system

1. Declaration of internal control: please see page 162 of this annual report.
2. If the internal control policy was reviewed by an external auditor, the report of such a review must be disclosed: none.

(X) If there has been any legal penalty against the company or its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system, main shortcomings, and state of improvement during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report:

1. The FSC has imposed a fine of NT\$480,000 on the company for failing to timely announce information on possible negative value trading of crude oil. The competent authority unable to cope with negative value computations has failed to implement risk control during trading hours, transfer of domestic deposit balances to foreign deposit accounts without customer instruction, and other matters. (Jin-Guan-Zheng-Chi-Far-Tzi No. 1090351550 Written Sanction dated September 1, 2020)

Improvement: A. Designated personnel to collect transaction information, and immediately announce transaction-related information. B. The system has been modified, so that negative values can still be used to correctly account for the number of equity and conduct intraday risk control operations. C. Strengthen the advocacy for regulations that the transfer of margin balance between domestic and foreign accounts need to be consulted with customers first.

2. The Company's salesmen had account-opening soliciting posters posted through communication software by individuals other than the Company's employees was reprimanded for correction by the Financial Supervisory Commission. (Jin-Guan-Zheng-Chi-Tzi No. 1090332938 Letter dated May 21, 2020)

Improvement: Strengthen the communication of regulations. The content of business promotion ads from salespersons is subject to review first, and non-employees should not be used to solicit business.

3. For the Company's failure in comprehensively assessing the customer's financial solvency and credit in order to conclude the customer's risk tolerance before approving the transaction limit; the transaction limit granted to the customer without collecting the proof of financial resources from the said customer, sending the customer's account statement directly to the salesperson's email address, and the illogical approval of the transactions entrusted by internal personnel, the Financial Supervisory Commission imposed a fine of NT\$480,000 on the Company. (Jin-Guan-Zheng-Chi-Far-Tzi No. 1090375970 Written Sanction dated February 3, 2021)

Improvements: A. The transaction amount has been assessed and approved according to the customer's risk attribute with a system control established. B. A system control has been established. An application must be filed for having the transaction limit extended with the supporting document of financial solvency submitted. C. A check mechanism has been established. Proper measures shall be taken for the same e-mail addresses of customers and internal personnel detected. D. The check specifications for transaction entrusted by internal personnel have been enacted and a check mechanism is in place to have all conflicts of interest reviewed and approved.

4. The Company did not retain relevant records of test plans and failed to have the system application program updated in a timely manner before the leverage transaction merchant

trading platform system online; therefore, a fine for an amount of NT\$120,000 was imposed by the Financial Supervisory Commission. (Jin-Guan-Zheng-Chi-Far-Tzi No. 1100331252 Written Sanction dated March 10, 2021)

Improvements: Enhanced the propaganda of laws and regulations and demanded records to be kept for the application, testing, and online of the system programs with the system application programs updated in a timely manner.

5. The Company's futures commission merchants did not handle the high-risk notification operation before performing the close out trade; therefore, a fine for an amount of NT\$120,000 was imposed by the Financial Supervisory Commission. (Jin-Guan-Zheng-Chi-Far-Tzi No. 1100333915 Written Sanction dated July 26, 2021).

Improvements: The system program has been modified. The mark-to-market and high-risk notification operations are processed according to the customer's position and trading time.

6. The FSC has corrected the company offset personnel's executing orders at limit down ROD. (Jin-Guan-Zheng-Chi-Tzi No. 1090377635 Letter dated January 25, 2021).

Improvement: Strengthen the communication of regulations and set control practices for the system that when the day trading agents use limit up or down prices to do day trading, the system sets IOC to carry out the authorized orders.

7. The accounts of the Company's internal staff and their spouses are not separated from clients. Also, their accounts have not been cancelled or changed as a general account after their resignation or dismissal; also, the reasons for non-internal staff to trade through the intranet are unknown; therefore, a nonconformity to be corrected is identified by the Financial Supervisory Commission. (Jin-Guan-Zheng-Chi-Tzi No. 10903759701 Letter dated February 3, 2021).

Improvements: A. Enhanced the propaganda of laws and regulations and established a check mechanism with proper measures taken for the nonconformities found in the accounts of the internal personnel. B. The network for internal personnel and non-internal personnel is established separately with check mechanisms implemented. The cause of the internal network used by non-internal personnel shall be investigated.

8. The Company did not consider the operating habits and needs of individual trader that causes the price set on the entrustment screen of the electronic platform different from the price sent by the system; therefore, a nonconformity to be corrected is identified by the Financial Supervisory Commission. (Jin-Guan-Zheng-Chi-Tzi No. 1090379187 Letter dated March 12, 2021).

Improvements: The system program has been modified. The price set by traders on the electronic platform screen is consistent with the price sent by the system.

9. The Company did not verify the account opened by the futures commission merchant for an accountholder over 70 years old, causing the attached fixed income certificate to not meet the requirements; therefore, a nonconformity to be corrected is identified by the Financial Supervisory Commission. (Jin-Guan-Zheng-Chi-Tzi No. 11003312511 Letter dated April 6, 2021).

Improvements: The propaganda of laws and regulations has been enhanced, and a demand is made to review the qualifications of accountholders over 70 years old.

(XI) Major resolutions of the General Meeting of shareholders and the Board in the most recent year to the date this report was printed.

1. Important resolutions and the implementation of the 2020 general shareholder meeting on July 5, 2021

Subject:	Resolution	Execution
Acknowledging the Company's 2020 Business Report and Financial Statements. (The proposal was submitted by the Board of Directors)	The proposal was accepted by the voting results.	Announced in accordance with the resolution of shareholders regular meetings and reported to the competent authority for review.
Acknowledging the Company's 2020 Earnings Distribution. (The proposal was submitted by the Board of Directors)	The proposal was accepted by the voting results.	The distribution was completed in accordance with the resolution reached in the general shareholders' meeting. Cash dividends for an amount of NT\$811,933,606 were distributed completely on July 30, 2021.
Partial amendments to the "Articles of Incorporation". (The proposal was submitted by the Board of Directors)	The proposal was approved by the voting results.	Approved by the Ministry of Economic Affairs for making change in registration on August 4, 2021 with announcement tracked on record.
Partial amendments to the "Rules of Procedure for Shareholders Meetings". (The proposal was submitted by the Board of Directors)	The proposal was approved by the voting results.	Announcement of resolution by Shareholders Meeting in regular session on record, proceed in accordance with the procedure after amendment.
Partial amendments to	The proposal was approved by the voting	Announcement

the “Procedures for Election of Directors”. (The proposal was submitted by the Board of Directors)	results.	of resolution by Shareholders Meeting in regular session on record, proceed in accordance with the procedure after amendment.
Election-related Issues	Results of the Election	Execution
Please proceed with the election of the Company’s directors (including independent directors) for the 11 th term. (The proposal was submitted by the Board of Directors)	<p>The list of the elected directors:</p> <p>Yuanta Financial Holdings Co., Ltd. Representative: Tien-Fu Lin</p> <p>Yuanta Financial Holdings Co., Ltd. Representative: Hsiao-Ling Chou</p> <p>Yuanta Financial Holdings Co., Ltd. Representative: Hsien-Tao Chiu</p> <p>Yuanta Financial Holdings Co., Ltd. Representative: Yueh-Tsang Li</p> <p>Yuanta Financial Holdings Co., Ltd. Representative: Kuo-Tsun Hsu</p> <p>Yuanta Financial Holdings Co., Ltd. Representative: Mei-Ling Kuo</p> <p>The list of the elected independent directors:</p> <p>Yu-Chun Wu</p> <p>Nai-Kuan Huang</p> <p>Hui-Erh Yuan</p>	The directors who had been elected at the regular shareholders’ meeting on July 5, 2021 took office thereafter. The change registration was approved by the Ministry of Economic Affairs on August 4, 2021 and announced on the Company’s website.
Please referendum the proposal to release the Company’s newly-elected directors from the “Non-competition Restrictions for Directors” prescribed in Article 209 of the Company Act. (The proposal was submitted by the Board of Directors)	<p>The directors on the list of the non-compete clause lifted are as follows:</p> <ol style="list-style-type: none"> 1. Yuanta Financial Holdings Co., Ltd. Representative: Hsien-Tao Chiu 2. Yuanta Financial Holdings Co., Ltd. Representative: Yueh-Tsang Li 3. Yuanta Financial Holdings Co., Ltd. Representative: Mei-Ling Kuo 4. Yu-Chun Wu 	It was published in accordance with the resolutions reached in the general shareholder meeting on July 5, 2021.

2. Major resolutions of the Board of Directors meeting (dated 2021 to January 31, 2022)

Major resolutions of the 39th Meeting of the 10th Board of Directors on January 27, 2021

(1) Proposal to assess the independency of accountants, specify and explain the reasons

for replacement of certified public accountants (CPAs), and appoint CPAs of PwC Taiwan to audit and certify the Company's 2021 financial statements and tax reports according to Yuanta Futures Co., Ltd. Governance Best Practice Principles.

- (2) Approval of an amendment for part of the Company's Rules Governing the Establishment of Ethical Management Committee.
- (3) Passed the implementation of principle of fair treatment of customers in Q4 2020.
- (4) Passed the proposal of leasing real estate from the interested party Yuanta Commercial Bank.

Major resolutions of the 40th Meeting of the 10th Board of Directors on March 3, 2021

- (1) Passed the date, place, agenda, accepting shareholder's proposal, and related matters of the 2021 general shareholder meeting.
- (2) Approval of the election of the 11th Directors (including independent directors) of the Company.
- (3) Approval of the Company's 2020 "Declaration of Internal Control Policies".
- (4) Approval of the Company's 2020 Anti-Money Laundering and the Combating the Financing of Terrorism & Declaration of Internal Control Policies.
- (5) Approval of the Company's 2020 "Information Security Overall Implementation Statement."

Major resolutions of the 41st Meeting of the 10th Board of Directors on March 18, 2021

- (1) Approval of an amendment for part of the Company's Articles of Incorporation.
- (2) Approval of the revision of part of the clauses contained in the Rules of Procedure for Shareholders Meetings.
- (3) Approval of partial amendment for the Company's Rules for Director Elections.
- (4) Approval of the Company's business report in 2020.
- (5) Approval of the Company's consolidated and individual financial statements for the year 2020.
- (6) Approval of the 2020 Employees' bonus remuneration.
- (7) Approval of the Company's earnings distribution in 2020.

Major resolutions of the 42nd Meeting of the 10th Board of Directors on April 7, 2021

- (1) Passed the director (including independent directors) candidate list for the Company's 11th term of office.
- (2) Approval of new Directors of any restrictions imposed in relation to Article 209 of The Company Act - "Prohibition against directors' involvements in competing businesses".

Major resolutions of the 43rd Meeting of the 10th Board of Directors on May 5, 2021

- (1) Approval of the revision of the Internal Control System and the Enforcement Rules of Internal Audit of the Company.
- (2) Passed the implementation of principle of fair treatment of customers in 2020.
- (3) Passed the implementation of principle of fair treatment of customers in Q1 2021.

Major resolutions of the 44th Meeting of the 10th Board of Directors on June 7, 2021

- (1) Passed the Company's 2021 regular shareholders' meeting postponement.
- (2) Passed the Company's making donation to medical institutions for the effort in preventing COVID-19 pandemic so to fulfill the Company's Corporate Social Responsibility.

Major resolutions of the 45th Meeting of the 10th Board of Directors on June 30, 2021

Duly resolved the issue of the Company's base date to distribute cash dividend and remuneration to employees in 2020.

Major resolutions of the 1st Meeting of the 11th Board of Directors on July 5, 2021

- (1) Passed the election of the Chairman.
- (2) Approval of the election of the vice chairman.
- (3) Passed the Company's 11th Remuneration Committee member list.

Major resolutions of the 2nd Meeting of the 11th Board of Directors on July 28, 2021

- (1) Passed the regular review of the Company's Director and managerial officer performance evaluation and salary and remuneration policies, systems, standards, and structures.
- (2) Passed the Company updated 2021 financial plan.
- (3) Passed the motion of amendment to the Important Notice to and Standard Operation Procedure for Mergers and Acquisitions in part.
- (4) Approval of the revision of the Internal Control System and the Enforcement Rules of Internal Audit of the Company.
- (5) Approval of amendment for part of the Company's Plans for Anti-Money Laundering and the Combating the Financing of Terrorism (AML-CFT).
- (6) Passed the implementation of principle of fair treatment of customers in Q2 2021.

Major resolutions of the 3rd Meeting of the 11th Board of Directors on August 19, 2021

- (1) Approval of the Company's consolidated and individual financial statements for the first half of the year in 2021.
- (2) Approval of an amendment for part of the Company's Organizational Code.
- (3) Approval of the revision of the Internal Control System and the Enforcement Rules of Internal Audit of the Company.

Major resolutions of the 4th Meeting of the 11th Board of Directors on September 29, 2021

- (1) Passed the proposal for the issuance the Company's unsecured subordinate ordinary corporate bonds.
- (2) Approval of an amendment for part of the Company's Performance evaluation rules of the Board of Directors and functional committee.
- (3) Approval of an amendment for part of the Company's Organizational Code.
- (4) Approval of an amendment for part of the Company's Table of Gate Approval and Table of Gate Approval.
- (5) Approval of an amendment for part of the Company's Rules Governing Trades with the Stakeholders.

Major resolutions of the 5th Meeting of the 11th Board of Directors on October 13, 2021

Passed the budget increase proposed from NT\$4.15 billion to NT\$4.299 billion for the "Urban Regeneration of Tatung Building" of the Company together with the other five companies, including Yuanta Securities, the stakeholder.

Major resolutions of the 6th Meeting of the 11th Board of Directors on November 3, 2021

Passed the implementation of principle of fair treatment of customers in Q3 2021.

Major resolutions of the 7th Meeting of the 11th Board of Directors on November 24, 2021

Approval of part of the Regulations Governing Performance Evaluation of the Company.

Major resolutions of the 8th Meeting of the 11th Board of Directors on December 22, 2021

- (1) Approval of the establishment of the Company in 2022.
- (2) Passed the Company's increasing the mid-term and long-term investment amount so to improve the utilization efficiency of the Company's proprietary funds.
- (3) Approval of an amendment for part of the Company's Rules Governing Trades with the Stakeholders.
- (4) Approval of the revision of part of the Work Rules of the Company.

Major resolutions of the 9th Meeting of the 11th Board of Directors on January 21, 2022

- (1) Proposal to assess the independency of accountants, specify and explain the reasons for replacement of certified public accountants (CPAs), and appoint CPAs of PwC Taiwan to audit and certify the Company's 2022 financial statements and tax reports according to Yuanta Futures Co., Ltd. Governance Best Practice Principles.
- (2) Passed the implementation of principle of fair treatment of customers in Q4 2021.
- (3) Approval of the revision of the Internal Control System and the Enforcement Rules of Internal Audit of the Company.

All shareholders meeting and Board of Directors meeting resolutions above were implemented after they were passed. There had been no issues with their progress.

(XII) Documented opinions or declarations made by Directors or Supervisors against Board of Directors resolutions in the most recent year, up until the publishing date of this annual report: none.

(XIII) Resignation or discharge of persons related to financial reporting (including the Chairman, President, Chief Accounting Officer, Chief Financial Officer, Chief Internal Auditor, and Chief F&D Officer) in the most recent year to the date this report was printed: none.

V. Independent auditor's fees

- (I) The payments made to the independent auditors and the CPA firm, the audit fee and non-audit fee of the affiliated companies, and the content of non-audit service:

Unit: thousand dollars

Accountant firm	Name of CPA	CPA auditing period	Audit remuneration	Non-audit remuneration	Total	Remarks
PwC Taiwan	Chiao-Sen Lo	2021 (2021/01/01~2021/12/31)	1,750	43	1,793	Note 1
	Hsiu-Ling Li			-		
	Yu-Chen Hu		-	260	260	Note 2

Note 1: The content of non-audit services is the filing of corporate bond issuance and the review of the salary checklist for full-time employees who do not hold a supervisory position.

Note 2: The content of non-audit services is included in the business income tax review and attestation.

- (II) If the CPA firm performing audit services is replaced with less audit fee paid comparing to the year before, the audit fee before and after such replacement shall be disclosed: Not applicable
- (III) If the audit fee is reduced by more than 10% from the year before, the amount and percentage of the audit fee reduced and the root cause for such fee reduction shall be disclosed: The audit fee was decreased by NT\$210 thousand compared to the year before, represented 10.71% reduction, which was due to the reclassification of the tax certification fee to non-audit fee in accordance with the amendments to the "Regulations Governing Information to be Published in Annual Report of Public Companies" by the Financial Supervisory Commission on November 30, 2021.

VI. Change of CPA: None.

VII. Any of The Company's Chairman, President, or managers involved in financial or accounting affairs being employed by the accounting firm or any of its affiliated company within the recent year; disclose their names, job titles, and the periods during which they were employed by the auditor's firm or any of its affiliated company: none

VIII. Shareholding transfers and share collateralization within the latest year, up till the publication date of this annual report, initiated by directors, managers and shareholders with more than 10% ownership interest:

(1) Director, Manager, and Major Shareholder Changes

Unit: shares

Title	Name	2021		Up till January 31, 2022	
		Increase (decrease) in shares held	Increase (decrease) in shares collateralized	Increase (decrease) in shares held	Increase (decrease) in shares collateralized
Major shareholder	Yuanta Financial Holding Co., Ltd.	192,167,005	0	0	0
Chairman	Tien-Fu Lin	86,856	0	0	0
Vice Chairman	Hsiao-Ling Chou	31,962	0	0	0

Title	Name	2021		Up till January 31, 2022	
		Increase (decrease) in shares held	Increase (decrease) in shares collateralized	Increase (decrease) in shares held	Increase (decrease) in shares collateralized
Director	Hsien-Tao Chiu	0	0	0	0
Director	Yueh-Tsang Li	0	0	0	0
Director	Kuo-Tsun Hsu	0	0	0	0
Director	Mei-Ling Kuo	0	0	0	0
Independent Director	Yu-Chun Wu	0	0	0	0
Independent Director	Nai-Kuan Huang	0	0	0	0
Independent Director	Hui-Erh Yuan	0	0	0	0
President	Kuo-Tsun Hsu	0	0	0	0
Executive Vice President	Chun-Chieh Wang	5,000	0	0	0
Executive Vice President	Yi-Jui Kao	0	0	0	0
Senior vice president	Chia-Ling Tsai	0	0	0	0
Senior vice president	Min-Fang Wu	46,920	0	0	0
Senior vice president	Chien-Wan Lai (Onboard on June 1, 2020)	27,000	0	0	0
Vice President	Ching-Yi Chang	20,000	0	0	0
Vice President	Wei-Pin Chuang	0	0	0	0
Vice President (Chief Financial Officer)	Liang-Hui Yuan	0	0	0	0
Vice President	Chun-Hao Chang	20,000	0	0	0
Vice President	Shih-Ming Lin	20,000	0	0	0
Senior Assistant Vice Presidents	Yu-Hung Chen	26,024	0	0	0
Senior Assistant Vice Presidents	Hsiu-Ling Chung	0	0	0	0
Senior Assistant Vice Presidents Accounting Supervisor	Hui-Ching Lu	16,000	0	0	0
Senior Assistant Vice Presidents	Shu-Hui Shih (Onboard on July 1, 2021)	0	0	0	0

Title	Name	2021		Up till January 31, 2022	
		Increase (decrease) in shares held	Increase (decrease) in shares collateralized	Increase (decrease) in shares held	Increase (decrease) in shares collateralized
Assistant Manager	Hsin-Hsien Li	0	0	0	0
Assistant Manager	Wei-Ching Chien	16,000	0	0	0
Assistant Manager	Feng-An Liu (Onboard on June 1, 2021)	0	0	0	0
Assistant Manager	Chen-Kang Shih (Onboard on September 15, 2021)	0	0	0	0
Senior Manager	Li-Li Lin	0	0	0	0
Senior Manager	Chia-Hui Hu	44,881	0	0	0
Managers,	Chien-Yi Li	0	0	0	0
Managers,	Fu-Chieh Hsieh (Onboard on April 16, 2021)	0	0	0	0
Managers,	Yi-Chung Hsu (Onboard on October 1, 2021)	21,896	0	0	0
Managers,	Yu-Chen Lin (onboard on October 1, 2021)	0	0	0	0
Branch Manager	Sheng-Wei Wu (Onboard on April 16, 2021)	21,896	0	0	0
Branch Manager	Tsung-Hsiang Chen	0	0	0	0
Branch Manager	Chen-Ling Hsu	0	0	0	0
Branch Manager	Kuo-Liang Wang	0	0	0	0
Former Independent Director	Cho-Min Yu (Discharged on July 5, 2021)	0	0	-	-
Former senior VP	Lai-Er Yen (Discharged on May 1, 2021)	0	0	-	-
Former senior VP	Shu-Fan Chen (Discharged on June 1, 2021)	0	0	-	-
Former Vice President	Li-Ling Chien (Discharged on February 1, 2021)	15,000	0	-	-
Former Junior VP	Wen-Shan Yen (Discharged on June 1, 2021)	16,000	0	-	-
Former Professional Junior VP	Tsung-Min Tsai (Onboard on June 1, 2021, Discharged on October 1, 2021)	0	0	-	-
Former Professional Manager	Chao-Yi Kuo (Discharged on August 7, 2021)	0	0	-	-

Title	Name	2021		Up till January 31, 2022	
		Increase (decrease) in shares held	Increase (decrease) in shares collateralized	Increase (decrease) in shares held	Increase (decrease) in shares collateralized
Former Senior Assistant Manager	Chin-Han Liu (Onboard on April 16, 2021, Discharged on September 14, 2021)	0	0	-	-
Former Assistant Manager	Yi-Tsang Lin (Onboard on February 1, 2021, Discharged on July 4, 2021)	0	0	-	-

Note 1: The Company has phased out the seats of supervisors since May 23, 2012 and related information was disclosed to the date the supervisors were resigned (discharged).

Note 2: If the counterparty for equity transfer or equity pledge is a related party, please fill out the form referred to below.

(II) Transfer of shareholding: None.

Name	Reason for transfer	Transaction date	Counterparty	Counterparty's relationship with The Company, Directors, Supervisors, and shareholders with more than 10% ownership interest	Shares	Transaction price
Not a counterparty	-	-	-	-	-	-

(III) Shares collateralized: None.

Name	Reason for change in collateralized shares	Date of change	Counterparty	Counterparty's relationship with The Company, Directors, Supervisors, and shareholders with more than 10% ownership interest	Shares	Shareholding percentage	Percentage placed as collateral	Amount secured (redeemed)
Not a counterparty	-	-	-	-	-	-	-	-

IX. Relationships among The Company's top ten shareholders including spouses, second degree relatives or closer

Date of information: July 18, 2021

Name	Shares Held In Own Name		Shareholdings of spouse and underage children		Shares Held In The Names Of Others		Among the top 10 shareholders, there are related parties, spouse to each other, and kindred within the 2 nd tier, and the name and relationship, if applicable.		Remarks
	Shares (Thousand Shares)	Shareholding percentage	Shares (Thousand Shares)	Shareholding percentage	Shares (Thousand Shares)	Shareholding percentage	Name	Relationship	
Yuanta Financial Holding Co., Ltd. Representative: Ting-Chien Shen	192,167	66.27%	-	-	-	-	-	-	None
	0	0%	0	0%	0	0%	None	None	None
Cathay Life Insurance Co. Ltd. Representative: Tiao-Kuei Huang	23,998	8.28%	-	-	-	-	-	-	None
	0	0%	0	0%	0	0%	None	None	None
ROSENTHAL COLLINS GROUP LTD Representative: Yi-Chen Chung	17,711	6.11%	-	-	-	-	-	-	None
	0.6	0.00%	0	0%	0	0%	None	None	None
Nan Shan Life Insurance Co. Ltd. Representative: Tang Chen	2,266	0.78%	-	-	-	-	-	-	None
	0	0%	0	0%	0	0%	None	None	None
TransGlobe Life Insurance Inc Representative: Teng-Te Peng	1,605	0.55%	-	-	-	-	-	-	None
	0	0%	0	0%	0	0%	None	None	None
Sunsino International Development Associate Inc. Representative: Chia-Ho Wang	1,071	0.37%	-	-	-	-	-	-	None
	0	0%	0	0%	0	0%	None	None	None
Hong-Tu Investment Holdings Limited Representative: Tsui-Feng Yin	888	0.31%	-	-	-	-	-	-	None
	0	0%	0	0%	0	0%	None	None	None
Shou-Chuan Ho	732	0.25%	0	0%	0	0%	None	None	None
Mao-Lang Huang	721	0.25%	0	0%	0	0%	None	None	None
Shanghai Commercial and Savings Bank Representative: Ching-Yen Li	642	0.22%	-	-	-	-	-	-	None
	0	0%	0	0%	0	0%	None	None	None

Note 1: Illustrate the top-ten shareholders. The name of the corporate shareholders and the name of its representative should be illustrated separately.

Note 2: The calculation of shareholding ratio refers to the shareholding ratio calculated in accordance with the shareholding of the shareholders, spouse, minor children, and in the name of others.

Note 3: The shareholders listed in the previous disclosure include corporate bodies and natural persons. Their relationships should be disclosed in accordance with the provisions in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

X. Investments jointly held by The Company, The Company's directors, managers, and enterprises directly or indirectly controlled by The Company. Calculate shareholding in aggregate of the above parties:

Date of information: January 1, 2022

Unit: thousand shares

Invested businesses	Invested by The Company		Held by directors, managers, and directly or indirectly controlled enterprises		Aggregate investment	
	Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage
Yuanta Futures (HK) Co., Limited	34,000	100%	-	-	34,000	100%
SYF Information Co., Ltd.	35,000	100%	-	-	35,000	100%
SYF Information (Shanghai) Limited (in liquidation)	- (Note)	100%	-	-	-	100%

Note: The company is organized as a limited company; therefore, it is with stock rights but not stock shares.

Yuanta Futures Co., Ltd.
Declaration of Internal Control Policies

Date: March 2, 2022

The following declaration is based on the 2021 self-audit over the Company's internal control policies:

- I. The Company is aware that the establishment, execution, and maintenance of its internal control policies are the responsibilities of The Company's board of directors and managers. These policies were implemented throughout The Company. The purpose is to provide a reasonable assurance on the achievement of the goals, including the effectiveness and efficiency of operations (including profitability, performance and security of assets, etc.) and the report with effectiveness, timeliness, transparency, and compliance with the relevant requirements and regulations and laws.
- II. Internal control policies are prone to limitations. No matter how robustly designed, effective internal control policies merely provide reasonable assurance to the achievements of the three goals above. Furthermore, environmental and situational changes may affect the effectiveness of internal control policies. However, self-supervision measures were implemented within The Company's internal control policies to facilitate immediate rectification once procedural flaws have been identified.
- III. The Company evaluates the effectiveness of its internal control policy design and execution based on the criteria specified in "Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets" (hereinafter referred to as "The Governing Principles"). The criteria introduced by "The Governing Principles" consisted of five major elements, each representing a different stage of internal control: 1. Control environment, 2. Risk evaluation, 3. Procedural control, 4. Information and communication, 5. Supervision. Each element further contains several items. Please refer to "The Governing Principles" for details.
- IV. The Company adopted the abovementioned criteria to evaluate the effectiveness of its policy design and execution.
- V. The Company based on the evaluation results in the preceding paragraph believes that the internal control system on December 31, 2021 (including the supervision and management of subsidiaries and the overall implementation of information security), including understanding the effect of operations and the achievement and report in the goal of efficiency is reliable, timely, transparent, and complying with the design and implementation of the internal control system in accordance with the related specifications, laws, and regulations. Except for the matters listed in the appendix, it is effective and can help reasonably ensure the achievement of the aforementioned goals.
- VI. This declaration forms part of the main contents of the company's annual report and prospectus, and shall be disclosed to the public. Any illegal misrepresentation or non-disclosure relating to the public statement above are subject to the legal consequences under Articles 115 of the Futures Trading Act and Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This declaration was approved by The Company's Board of Directors in the meeting dated March 2, 2022. None of the 9 directors present to the meeting held any objections, and had unanimously agreed to the contents of this declaration.

Yuanta Futures Co., Ltd.

Chairman: Tien-Fu Lin Signature

President: Kuo-Tsun Hsu Signature

Chief Auditor: Min-Fang Wu Signature

Information Security Officer: Chien-Wan Lai Signature

Reinforcement and Improvement Plan of Yuanta Futures Internal Control System

(Base date: December 31, 2021)

Enhancement Items	Improvement Measures	Planned Date of Completion
The FSC has corrected the company offset personnel's executing orders at limit down ROD. (Jin-Guan-Zheng-Chi-Tzi No. 1090377635 Letter dated January 25, 2021).	Strengthen the communication of regulations and set control practices for the system that when the day trading agents use limit up or down prices to do day trading, the system sets IOC to carry out the authorized orders.	Corrective action accomplished
For the Company's failure in comprehensively assessing the customer's financial solvency and credit in order to conclude the customer's risk tolerance before approving the transaction limit; the transaction limit granted to the customer without collecting the proof of financial resources from the said customer, sending the customer's account statement directly to the salesperson's email address, and the illogical approval of the transactions entrusted by internal personnel, the Financial Supervisory Commission imposed a fine of NT\$480,000 on the Company. (Jin-Guan-Zheng-Chi-Far-Tzi No. 1090375970 Written Sanction dated February 3, 2021)	<ol style="list-style-type: none"> 1. The transaction amount has been assessed and approved according to the customer's risk attribute with a system control established. 2. A system control has been established. An application must be filed for having the transaction limit extended with the supporting document of financial solvency submitted. 3. A check mechanism has been established. Proper measures shall be taken for the same e-mail addresses of customers and internal personnel detected. 4. The check specifications for transaction entrusted by internal personnel have been enacted and a check mechanism is in place to have all conflicts of interest reviewed and approved. 	<p>Corrective action accomplished</p> <p>Corrective action accomplished</p> <p>Corrective action accomplished</p> <p>Corrective action accomplished</p>
The accounts of the Company's internal staff and their spouses are not separated from clients. Also, their accounts have not been cancelled or changed as a general account after their resignation or dismissal; also, the reasons for non-internal staff to trade through the intranet is unknown; therefore, a nonconformity to be corrected is identified by the Financial Supervisory Commission. (Jin-Guan-Zheng-Chi-Tzi No. 10903759701 Letter dated February 3, 2021).	<ol style="list-style-type: none"> 1. Enhanced the propaganda of laws and regulations and established a check mechanism with proper measures taken for the nonconformities found in the accounts of the internal personnel. 2. The network for internal personnel and non-internal personnel is established separately with check mechanisms implemented. The cause of the internal network used by non-internal personnel shall be investigated. 	<p>Corrective action accomplished</p> <p>Corrective action accomplished</p>
The Company did not retain relevant records of test plans and failed to have the system application program updated in a timely manner before the leverage transaction merchant trading platform system online; therefore, a fine for an amount of NT\$120,000 was imposed by	Enhanced the propaganda of laws and regulations and demanded records to be kept for the application, testing, and online of the system programs with the system application programs updated in a timely manner.	Corrective action accomplished

Enhancement Items	Improvement Measures	Planned Date of Completion
the Financial Supervisory Commission. (Jin-Guan-Zheng-Chi-Far-Tzi No. 1100331252 Written Sanction dated March 10, 2021)		
The Company did not consider the operating habits and needs of individual trader that causes the price set on the entrustment screen of the electronic platform different from the price sent by the system; therefore, a nonconformity to be corrected is identified by the Financial Supervisory Commission. (Jin-Guan-Zheng-Chi-Tzi No. 1090379187 Letter dated March 12, 2021).	The system program has been modified. The price set by traders on the electronic platform screen is consistent with the price sent by the system.	Corrective action accomplished
The Company did not verify the account opened by the futures commission merchant for accountholder over 70 years old, causing the attached fixed income certificate to not meet the requirements; therefore, a nonconformity to be corrected is identified by the Financial Supervisory Commission. (Jin-Guan-Zheng-Chi-Tzi No. 11003312511 Letter dated April 6, 2021)	The propaganda of laws and regulations has been enhanced, and a demand is made to review the qualifications of accountholders over 70 years old.	Corrective action accomplished
The Company's futures commission merchants did not handle the high-risk notification operation before performing the close out trade; therefore, a fine for an amount of NT\$120,000 was imposed by the Financial Supervisory Commission. (Jin-Guan-Zheng-Chi-Far-Tzi No. 1100333915 Written Sanction dated July 26, 2021).	The system program has been modified. The mark-to-market and high-risk notification operations are processed according to the customer's position and trading time.	Corrective action accomplished

Note: Please detail the warning imposed by the competent authorities (inclusive) or a fine for an amount of NT\$240,000 or more. In addition, please detail the corrective action performed for the information security nonconformities identified by the competent authorities, Taiwan Stock Exchange, TPEx, and Futures Exchange.

Four. Funding Status

I. Capital and outstanding shares

(I) Share category

January 31, 2022; unit: shares

Share category	Authorized capital			Remarks
	Outstanding shares	Unissued shares	Total	
Registered ordinary shares	289,976,288	60,023,712	350,000,000	—

(II) Share capital composition

Unit: thousand shares; NTD thousand

Year / month	Issue price	Authorized capital		Paid-up capital		Remarks		
		Shares	Amount	Shares	Amount	Source of capital	Paid in properties other than cash	Others
1997.04	10	20,000	200,000	20,000	200,000	Initial share capital NT\$200,000 thousand	—	Note 1
1998.02	10	50,000	500,000	50,000	500,000	Cash issue totaling 300,000 thousand dollars	—	Note 2
1998.05	10	60,000	600,000	60,000	600,000	Cash issue totaling 100,000 thousand dollars	—	Note 3
1999.07	10	61,500	615,000	61,500	615,000	Cash issue totaling 15,000 thousand dollars	—	Note 4
2000.08	10	63,000	630,000	63,000	630,000	Cash issue totaling 15,000 thousand dollars	—	Note 5
2003.09	10	109,580	1,095,800	109,580	1,095,800	Cash issue for merger \$465,800 thousand	Issued new shares for the merger with Refco Taiwan Co., Ltd.	Note 6
2003.11	10	64,500	645,000	64,500	645,000	Capital reduction totaling 450,800 thousand dollars	None	Note 7
2005.07	10	90,000	900,000	72,240	722,400	Capitalization of retained earnings totaling 77,400 thousand dollars	None	Note 8
2006.07	10	90,000	900,000	80,186	801,864	Capitalization of retained earnings totaling 79,464 thousand dollars	None	Note 9
2007.07	10	200,000	2,000,000	95,101	951,011	Capitalization of retained earnings totaling 149,147 thousand dollars	None	Note 10

2007.07	10	200,000	2,000,000	97,483	974,826	Employees' stock bonus totaling 23,815 thousand dollars	None	Note 10
2007.10	10	200,000	2,000,000	109,673	1,096,726	Cash issue totaling 121,900 thousand dollars	None	Note 11
2008.07	10	200,000	2,000,000	128,536	1,285,363	Capitalization of retained earnings totaling 188,637 thousand dollars	None	Note 12
2008.07	10	200,000	2,000,000	131,276	1,312,763	Employees' stock bonus totaling 27,400 thousand dollars	None	Note 12
2012.01	10	250,000	2,500,000	232,276	2,322,763	Cash issue for merger \$1,010,000 thousand	Merger of Yuanta Futures for the issuance of new shares	Note 13
2020.01	10	250,000	2,500,000	249,976	2,499,763	Cash issue totaling 177,000 thousand dollars	None	Note 14
2020.09	10	350,000	3,500,000	289,976	2,899,763	Cash issue totaling 400,000 thousand dollars	None	Note 15

Note 1: Approved under Notice (86) Tai-Tsai-Cheng-(5)-47814 dated 1997.04.09.

Note 2: Approved under Notice (86) Tai-Tsai-Cheng-(5)-88889 dated 1997.12.08.

Note 3: Approved under Notice (87) Tai-Tsai-Cheng-(7)-28749 dated 1998.04.16.

Note 4: Approved under Notice (88) Tai-Tsai-Cheng-(7)-54910 dated 1999.06.11.

Note 5: Approved under Notice (89) Tai-Tsai-Cheng-(7)-59655 dated 2000.07.12.

Note 6: Approved under Notice Tai-Tsai-Cheng-7-Zi No. 0920137311 dated 2003.08.18.

Note 7: Approved under Notice Tai-Tsai-Cheng-7-Zi No. 0920154137 dated 2003.11.14.

Note 8: Approved under Notice Jin-Guan-Zheng-7-Zi No. 0940128511 dated 2005.07.19.

Note 9: Approved under Notice Jin-Guan-Zheng-7-Zi No. 0950129316 dated 2006.07.28.

Note 10: Approved under Notice Jin-Guan-Zheng-7-Zi No. 0960038332 dated 2007.07.18.

Note 11: Approved under Notice Jin-Guan-Zheng-7-Zi No. 0960057731 dated 2007.10.17.

Note 12: Approved under Notice Jin-Guan-Zheng-7-Zi No. 0970032354 dated 2008.06.30.

Note 13: Approved under Notice Jin-Guan-Cheng-Chi-1000064718 dated 2012.01.16.

Note 14: Approved under Notice Jin-Guan-Cheng-Chi-1080341263 dated 2020.01.16.

Note 15: Approved under Notice Jin-Guan-Cheng-Chi-1090357569 dated 2020.09.17.

(III) Shareholders structure

Face value at ten dollars per share; the base date: July 18, 2021

Shareholders structure Quantity	Government institutions	Financial institutions	Other corporations	Individuals	Foreign institutions and foreigners	Total
Head count	0	6	81	16381	44	16,512
Number of shares held	0	29,011,123	215,714,994	44,193,968	1,056,203	289,976,288
Shareholding percentage	0%	10%	74.40%	15.24%	0.36%	100%

Note: IPO companies and emerging listed companies shall disclose the proportion of PRC investments. PRC investments refer to the investments made by the citizens, companies, groups, other organizations, or the companies they invest in a third region as specified in Article 3 of the Regulations Governing Permission for People from the Mainland Area to Invest in Taiwan.

(IV) Ownership diversification

1. Ordinary shares Face value at ten dollars per share; the base date: July 18, 2021

Shareholding range	Number of shareholders	Number of shares held (shares)	Shareholding percentage (%)
1 to 999	8,418	358,049	0.12%
1,000 to 5,000	6,434	12,246,169	4.22%
5,001 to 10,000	827	6,080,981	2.10%
10,001 to 15,000	295	3,635,941	1.25%
15,001 to 20,000	130	2,335,974	0.81%
20,001 to 30,000	159	3,959,268	1.37%
30,001 to 40,000	71	2,479,093	0.85%
40,001 to 50,000	48	2,146,333	0.74%
50,001 to 100,000	73	5,266,533	1.82%
100,001 to 200,000	31	4,186,820	1.44%
200,001 to 400,000	11	3,034,381	1.05%
400,001 to 600,000	5	2,446,414	0.84%
600,001 to 800,000	3	2,094,718	0.72%
800,001 to 1,000,000	1	888,000	0.31%
1,000,001 and above	6	238,817,614	82.36%
Total	16,512	289,976,288	100%

2. Preference shares: none.

(V) List of major shareholders

Base date: July 18, 2021

Name of major shareholder	Shareholding	Number of shares held (shares)	Shareholding percentage (%)
Yuanta Financial Holding Co., Ltd.		192,167,005	66.27%
Cathay Life Insurance Co. Ltd.		23,997,789	8.28%
ROSENTHAL COLLINS GROUP LTD		17,710,721	6.11%
Nan Shan Life Insurance Co. Ltd.		2,266,000	0.78%
TransGlobe Life Insurance Inc		1,605,406	0.55%
Sunsino International Developmant Associate Inc.		1,070,693	0.37%
Hong-Tu Investment Holdings Limited		888,000	0.31%
Shou-Chuan Ho		731,575	0.25%
Mao-Lang Huang		720,712	0.25%
Shanghai Commercial and Savings Bank		642,431	0.22%

(VI) Market price, net worth, earnings, and dividends per share, and other relevant information for the last two years

Unit: NTD; shares

Item \ Year		2020	2021	Year-to-date January 31, 2022
Market price per share (Note 1)	Highest	59.10	53.20	49.85
	Lowest	44.45	48.25	49.60
	Average	53.12	51.20	49.68
Net worth per share (Note 2)	Before dividend distribution	40.89	42.59	-
	After dividend distribution	38.09	40.29 (Note 9)	-
Earnings per share	Weighted average outstanding shares		252,799,239	289,976,288
	Earnings per share (Note 3)	Before adjustment	4.23	2.97
		After adjustment	4.23	2.97 (Note 9)
Dividends per share	Cash dividend		2.80	2.30 (Note 9)
	Stock dividends	From earnings	-	-
		From capital reserves	-	-
	Cumulative undistributed dividends (Note 4)		-	-
Analysis of investment returns	P/E ratio (Note 5)		12.56	17.24
	Price to dividends ratio (Note 6)		18.97	22.26
	Cash dividend yield (Note 7)		5.27%	4.49%

* Where stock dividends were paid from earnings or capital reserves, the information on the market price and cash dividends adjusted retroactively according to the number of shares issued shall also be disclosed.

Note 1: List the highest and lowest share price in each year, and calculate the average market price by weighing transacted prices against transacted volumes.

Note 2: Please disclose the relevant information in accordance with the outstanding stock shares at the yearend and the distribution plan proposed by the board of directors or resolved in the shareholders' meeting in the following year.

Note 3: If stock dividends are issued, make retrospective adjustments while disclosing EPS before and after the adjustments.

Note 4: If equity securities are issued with terms that allow dividends to be accrued and accumulated until the year the company makes profit, then the amount of cumulative undistributed dividends up till the current year must be disclosed separately.

Note 5: $P/E \text{ ratio} = \text{Average closing price per share for the year} / \text{earnings per share}$.

Note 6: $\text{Price to dividend ratio} = \text{Average closing price per share for the year} / \text{cash dividends per share}$.

Note 7: $\text{Cash dividend yield} = \text{Cash dividend per share} / \text{average closing price per share for the current year}$.

Note 8: The 2021 earnings distribution is subject to approval during the annual general meeting on May 24, 2022.

Note 9: The figures for distribution resolved by the Board on March 10 2022 pending on the final decision of the General Meeting of shareholders.

Note 10: Net worth per share and earnings per share should be based on audited (auditor-reviewed) data as at the latest quarter before the publishing date of this annual report. For all other fields, data should be provided as at the end of their respective years.

(VII) The company's dividend policies and execution

1. Dividend policies stated in The Company's Articles of Incorporation

The Company optimizes its dividend policy to ensure long-term financial stability while satisfying the needs for future growth, and thereby maximizing shareholders' interests. Detailed rules are as follows:

1. The annual dividend to be distributed should be an amount not less than 50% of the earnings available for distribution.
2. The Company may decide the weight of dividends issued in cash and in shares based on its business operations and capital requirements projected for the next year. However, cash dividends must not be lower than 30% of all dividends issued.

2. Dividend distribution proposed for the shareholders' meeting

The Company's 2021 earnings distribution proposal was resolved in the board meeting on March 10 2022, of which, shareholder's cash dividends amounted to NT\$666,945,462 (NT\$2.3 per share) that will be discussed in the general shareholder meeting on May 24, 2022. Once it is resolved in the shareholder meeting, the Board of Directors will be authorized to schedule the base line date for dividend distribution.

(VIII) Impacts on business performance and earnings per share if the stock dividend proposal is approved during the annual general meeting: no stock dividend proposal has been raised for the shareholders meeting, thus not applicable.

(IX) Employee compensation and remuneration to directors

1. Proportion or range of employees compensation and Directors' remuneration specified in the Articles of Incorporation

Article 29, Paragraphs 1 to 3 of the Company's Articles of Incorporation are to be advised to "After paying tax and making up for the accumulated losses with the annual earnings, the Company shall appropriate 10% of the remaining earnings as legal reserve, 20% of the remaining earnings as special reserve and with the special reserve appropriated or reversed according to the law and regulations before distributing earnings. The remaining balance amount plus the unappropriated earnings of previous years should be distributed to shareholders according to the proposal of the Board of Directors and the resolution reached in the Shareholders' meeting." The appropriation of the legal reserve referred to in the preceding paragraph can be exempted when it is equivalent to the Company's paid-in capital. To incentivize employees and the management team, this Company shall appropriate one per-mille (0.1%) to five per-cent (5%) of the balance from deducting the accumulated deficits from the profit of the year (e.g. income before tax deducting the income before deducting the compensation for employees). In addition, when distributing the compensation for employees in stock or in cash, the scope of recipients may cover employees of companies under the control of or affiliated to this Company fulfilling certain requirements. The said "certain requirements" shall be determined by the Board of Directors.」

In addition, according to the amendment of the Articles of Association, the Company has no longer distributing remuneration to directors since the year of 2015.

2. The accounting treatment for the difference, if any, among the current estimated compensation to employees and remuneration to directors, the number of shares applied for the calculation of stock dividend, the actual distribution amount, and the estimated amount: There is no difference.
3. Employees' and Directors' remuneration resolved by the Board of Directors

(1)BOD approved that the 2021 earnings will be distributed in cash. The 2021 compensation for employees amounts to NT\$3,951,668, while that of directors is zero.

(2)The proportion of amount equivalent to the stock distributed as compensation for employees in the earnings after tax in the individual or consolidated financial statement of the period and the total amount of compensation for employees: NA.

4. Employees' and Directors' remuneration made in the previous year

The proposal for the distribution of 2020 compensation for employees and directors was approved by BOD and reported to the meeting of shareholders. There is no difference between the exact amount of distribution and the proposed amount of distribution. The 2018 compensation for employees amounts to NT\$3,832,196, while that of directors is zero.

5. All information pertaining employees' bonus and remuneration to Directors has been disclosed on the Market Observation Post System. To inquire, please access <http://mops.twse.com.tw/mops/web/index> and click "Shareholders meeting and Dividends", followed by "Status of dividend distribution - Proposed by the Board of Directors" or "Status of dividend distribution - Resolved during the AGM"; input the proper search criteria (which is The Company's stock code: 6023)

(X) Shares repurchased by The Company: none.

II. Disclosure relating to corporate bonds

(I) Outstanding corporate bond and those in process:

Bond type	The 2021 first-time unsecured subordinate ordinary corporate bonds
Issue date	November 12, 2021
Face value	NT\$ 1 million
Place of issuance and trading (Note)	Not applicable
Issue price	The corporate bonds are issued at full face value on the issue date.
Total	NT\$ 1.5 billion
Interest rate	the fixed annual rate of 0.85%
Duration	7-year issuance that will expire on November 12, 2028.
Guarantee Institution	Not applicable
Trustee	Bank of SinoPac
Underwriter	Yuanta Securities Co., Ltd.
Certifying Lawyer	Yisheng United Law Firm
CPA	PwC Taiwan
Repayment Methods	<p>1. Interest calculation and payment: The interest of the corporate bonds is calculated and paid once a year at a simple rate according to the coupon rate from the date of issuance. The interest of the corporate bonds is paid to the dollar (rounded up) based on NT\$1 million per unit. If the principal and interest payment date of the corporate bonds falls on the closing day of the paying bank, the principal and interest will be paid on the business day following the closing date without additional interest incurred. No deferred interest will be paid additionally to those who have collected the principal and interest after the payment date.</p> <p>2. Principal repayment: The principal of the corporate bonds will be repaid in a lump sum on the due date.</p>
Unpaid principal	NT\$ 1.5 billion
Clause on redemption or earlier redemption	None
Restrictive clauses	None

Name of the credit rating agency, rating date, and rating results		None
Other equity attached	The amount of the bonds that have been converted into ordinary shares (either by exchange or purchase), GDRs or other securities	None
	Rules for issuing and conversion (either by exchange or purchase)	None
Rules for issuing, conversion, exchange or purchase, possible dilutions of equity from the issuing conditions, and the impacts on the rights of the existing shareholders		None
Custody Agency Name for the Exchange Target		None

Note: It is exempted from reporting since it is not an overseas corporate bond.

(II) Convertible corporate bond: None

(III) SWAP corporate bonds: None

(IV) General reporting of corporate bonds issuance: None

(V) Corporate bonds with option: None

III. Disclosure relating to preference shares: none.

IV. Disclosure relating to overseas depository receipts: none.

V. Employee stock warrants: none.

VI. The new shares from restricted employee stock option: none.

VII. Disclosure on new shares issued in exchange of other company shares:

(I) The following disclosures are applicable for any issuance of new shares in exchange of other company shares during the latest year, up till the publication date of this annual report: None.

(II) For any issuance of new shares in exchange of other company shares resolved by the board of directors during the latest year, up till the publication date of this annual report, describe the latest progress and the basic information of the acquired company (or the company from whom shares are exchanged in return). For new shares that are currently being issued in exchange of other company shares, the progress and impacts to shareholders' equity must be disclosed: None.

VIII. Progress on the use of funds:

(I) Outstanding securities previously offered or privately placed as of the quarter prior to the annual report printing date: None

(II) Security issuance completed within the last three years but with the plan benefits yet to emerge: None.

Five. Business performance

I. Content of business

Yuanta Futures Co., Ltd.

(I) Business scope

Yuanta Polaris Futures is a futures commission merchant specialized in brokerage, proprietary trading, consultation, and leverage transaction merchant; it offers various services including hedging, speculation, arbitrage etc. The following are The Company's principal business activities:

1. Principal business activities:

- (1)Futures brokerage.
- (2)Proprietary futures trading.
- (3)Futures consultation services.
- (4)Futures Clearing and Settlement, and Clearing and Settlement Service.
- (5)Proprietary securities trading.
- (6)Securities introducing agency.
- (7)Leverage Transaction Merchants.
- (8)Other business functions approved by the competent authority.

2. Business weightage

Unit: NTD thousand; %

Item \ Year	2020		2021	
	Operating revenues	Ratio (%)	Operating revenues	Ratio (%)
Brokerage revenue	3,717,441	96%	3,743,909	96%
Income from proprietary trade	157,934	4%	125,459	3%
Consultancy income	13,487	0%	16,142	1%
Other income	(11,237)	0%	3,181	0%
Total	3,877,625	100%	3,888,691	100%

Source: consolidated audited financial statements

3. The Company's current products (services)

(1) Futures brokerage

- ① Consigned trading of futures and options contracts over Taiwan Futures Exchange.
- ② Consigned trading of U.S., Singaporean, Japanese, Hong Kong, and European futures and options.

(2) Proprietary futures trading

- ① Proprietary trading of domestic and offshore futures/options.
- ② Market-making for futures and options to create liquidity.

(3) Futures consultation

- ① Provides analyses, opinions, or recommendations on futures trading, futures trust funds, the underlying, or any other instruments or investments approved by the competent authority.

- ② Makes futures related publications.
- ③ Organizes futures related seminars and campaigns.
- (4) Futures clearing and settlement, and clearing and settlement service.
To provide services such as clearing and settlement operations, and the performance guarantee of futures transactions, which are executed via Futures centralized futures exchange market.
- (5) Proprietary securities trading
 - ① Proprietary trading of securities listed on Taiwan Stock Exchange.
 - ② Proprietary trading of securities within business premise.
- (6) Futures introducing broker
 - ① Commissioned by securities firms to solicit investors into securities trading.
 - ② Accepts investors' account opening applications on behalf of securities firms.
 - ③ Accepts securities trade orders from investors and forwards them to securities firms for execution.
 - ④ Informs investors of settlement matters on behalf of securities firms.
- (7) Leverage Transaction Merchants.
The scope of leveraged margin trade contracts covers bonds, interest rate, equity, credit derivatives, assets swap, structured products and foreign currency surety, a total of 7 categories.
- 4. Planned developments for new products and services
 - (1) Internal process digitalized transformation:
The prevalence of the pandemic has accelerated the needs of traders for digital services and experiences. The Company plans to introduce digitalization and automation tools in response to the development of the futures business; to help standardize the business processes of frontline and backup units; to reduce manual operation time and risks; optimize the overall service backstage operation mechanism in order to improve the efficiency and quality of customer digital service experience.
 - (2) Promote leverage transaction merchant's business operation:
Promote the contract for difference (CFD) instruments of leverage transaction merchants, evaluate and issue new leverage instruments, organize leveraged business teams, expand sales channels, develop trading programs, establish differentiations from peers, satisfy customers' diversified needs for instruments, and expand leverage transaction merchant's market.
 - (3) Expansion to the offshore market:
Establish overseas cross-border operation bases, construct a cross-market international trading platform, provide multiple instruments to stock exchanges in America, Europe, Asia, etc., cultivate overseas brokerage business in-depth, build up major global futures exchanges clearing and trading centers, develop international B2B business, actively serve real economy, and provide traders in Taiwan and Asia-Pacific regions with asset allocation and hedging needs.

(II) Industry overview

1. Current industry conditions

(1) Existing market participants

As of December 31, 2021, the futures brokerage participants numbered 70, with a total of 874 operating strongholds. Including 14 special full-time futures brokers (with 30 operating strongholds), 13 concurrent futures brokers (with 100 operating strongholds) and 43 futures introducing brokers (with 689 operating strongholds). In the area of proprietary trade, the Company has worked with 12 futures firms and 20 financial institutions running proprietary futures trade. In terms of leveraged traders, the Company became the first domestic leveraged trader in 2015 and there were only 5 leveraged traders in 2021. In the area of clearing and settlement, the Company has 20 general clearing members, 9 individual clearing members, and 8 clearing banks.

Among the above classifications, The Company is a specialized futures commission merchant, a specialized proprietary trader, an ordinary clearing member, a composite futures consultation firm, and leveraged traders. In addition, in terms of brokerage, the Company has a total of 23 future introducing brokers, including Yuanta Securities, King's Town Securities, Feng Long Securities, GMStock, Easytrade Securities, Yung Shin Securities, Boom Securities, Kuanz-ho Securities, Yingyi Securities, Antay Securities, Quan Thai Securities, Taichung Bank Securities, Sunny Securities, Union Securities, Chung Noun Securities, Taiwan Cooperative Securities, Concord International Securities Co., Ltd., Grand Fortune Securities, Yung Chuan Securities, BankTaiwan Securities, Ta Chan Securities, Taiwan Business Bank and Chang Hwa Bank. There are 4 clearing houses: Optiver Securities Trading, Oriental Securities, Oriental Securities Trading, Taiwan Cooperative Trading.

(2) Customer structure

The prevalence of pandemic continued to affect the global financial market in 2021 with a severe market fluctuation resulted. The global futures and options trading volume exceeded 56.44 billion units, representing an increase of 33.8% from the year before. In terms of the domestic market, the annual volatility of Taiwan's futures market was 18.01% in 2021, which was lower than the 24.53% in 2020; however, due to the change in the trading market structure, the overall daily average volume of futures and options reached 1.6 million units in 2021 that was a significant increase by 15.35% from the year of 2020; however, the total night trading volume was 76 million units, representing a decrease by 11.01% from the year of 2020; apparently, the day trading was more active than the night trading. The overall transaction volume was a record high for a total of 392 million units, representing an increase by 15% from the 341 million units achieved in the last year. Of which, TXO accounted for 197 million units, FITX accounted for 43 million units, and FIMTX accounted for 72 million units. The trading volume of stock futures increased by 183% to 75 million units. In terms of the futures accounts opening, there were a total of 2,010,800 accounts held by natural persons with a total of 65,000 new accounts opened, representing an increase of 3.34% from the year before; there were a total of 111,000 accounts held by juristic persons, representing an increase of 2.06% from the 109,000 accounts from the yearend of 2020.

2. Industry development

(1) Market participants' trends

From the development of professional futures merchants worldwide, takes the performance in 2021 for example, the global financial market was affected by the prevalence of pandemic with uncertainties emerging that resulted in the continuous low interest rate worldwide. The net income before tax of the 14 futures merchants was NT\$3.553 billion in 2021, representing a decrease of 19.42% from the net income before tax of NT\$4.243 billion in 2020, mainly due to the interest income of futures traders' trading deposits in banks reduced severely, resulting in a decline in profit. The overall profit generation still relies on the futures merchants with the background of financial holding, demonstrating the phenomenon of "rich getting richer."

(2) Trend in customer structure

In the current customer structure, the trading ratio of natural persons and legal persons is 1:1. Taiwan Futures Exchange actively promotes diversified instruments with FITE and FITF launched in 2021; also, continued to initiate promotions to juristic persons and hold briefings and seminars to encourage the domestic and foreign juristic persons to participate in the market. Furthermore, new account opening by natural persons in the market is high for a total of 65,000 new accounts opened in 2021, representing an increase of 3.34%, of which, a 28% increase was from the age group of 20 ~ 30 years old. In prospect of 2022, for the purpose of fulfilling the needs of market traders, Taiwan Futures Exchange plans to launch new instruments continuously, to develop new systems, and to enhance risk control in the instrument market. The importance of enterprise ESG related issues is valued globally in recent years. In addition to the financial supervision imposed by the Financial Supervisory Commission, the Securities and Futures Bureau has also formulated 3 major promotion frameworks, 10 strategies, and 27 specific measures for building up the sustainable development and operation of the futures industry, which includes instrument and policy mechanisms so to lead the industry to enhance sustainable development energy and improve the ESG ecosystem.

3. Association between upstream, midstream, and downstream industry participants

The primary function of a futures commission merchant is to supply derivative instruments into the market, whether the underlying assets are shares, foreign currencies, interest rates, agricultural commodities, precious metal, or energy. These instruments allow commodity suppliers or buyers to lock in their prices during volatile times, so that that can transfer price risks within the futures market and run their businesses with more certainty. Therefore, the futures market is where hedgers, speculators, and arbitragers transact for their own causes, and to achieving free market economy. In futures market does not have upstream, mid-stream, or downstream connections as does manufacturing.

4. The development trends for each product

Instruments traded over the market in 2021 consisted mainly of domestic futures, domestic options, U.S., Japanese, Singaporean, Hong Kong, and European instruments. Domestic futures mainly consisted of index futures, while trading for domestic options was mainly concentrated in options on index futures. U.S. instruments consisted mainly of stock index futures, energy futures, gold futures, foreign currency futures, interest rate futures and agricultural commodity future. The stock index futures are the main commodities traded at Japanese Futures Exchange. The main commodities in the Singapore stock market include China A50, JP Morgan Taiwan Index, India Index, and FTSE Taiwan Index Futures. Hong Kong instruments consisted mainly of Heng Seng, H Stock Index futures. The main commodity in the European stock markets is DAX Index Futures. The figures below represent the trading volume statistics for major products in exchanges at home and abroad over the past years:

Year	Taiwan futures	Taiwan options	U.S.	Japan	Singapore	Hong Kong	Others	Total
2012	95,538,284	217,925,540	5,140,874	74,249	3,760,770	267,354	203,934	322,911,005
2013	86,779,300	219,671,176	6,641,148	172,358	5,320,795	443,054	279,220	319,307,051
2014	100,114,690	304,707,496	6,431,440	332,244	6,084,166	506,741	722,160	418,898,937
2015	144,105,804	363,478,888	8,968,442	590,129	16,038,782	680,263	1,272,488	535,134,796
2016	146,204,918	337,152,194	11,220,396	775,522	18,642,407	982,455	1,613,234	516,591,126
2017	156,817,098	374,594,240	12,710,362	521,027	17,703,109	1,075,104	875,062	564,296,002
2018	225,462,486	390,704,666	15,355,474	756,310	24,912,780	1,388,343	394,663	658,974,722
2019	180,084,696	341,446,268	16,665,909	736,904	19,060,859	1,132,668	541,602	559,668,906
2020	278,303,754	404,482,938	23,519,677	962,898	12,938,542	1,136,462	759,038	722,103,309
2021	388,906,608	395,498,134	22,202,111	757,528	11,780,637	1,365,762	734,018	821,671,146

Source: Chinese National Futures Association

5. Competition

The Company is a futures commission merchant. The profitability of the major competitors in 2021 is as follows:

Rank	Name of futures merchant	Cumulative pre-tax profit/loss	Cumulative pre-tax profit/loss EPS	Share capital
1	Yuanta Futures	1,048,959,795	3.62	2,899,762,880
2	KGI Futures	621,626,467	3.69	1,685,564,000
3	Capital Futures	600,617,695	2.85	2,104,375,840
4	Sinopac Futures	478,014,666	4.07	1,175,250,530
5	President Futures	145,584,650	2.21	660,000,000
6	Concord Futures	118,033,701	1.45	815,000,000
7	Fubon Futures	113,847,278	0.81	1,400,000,000
8	Jih Sun Futures Co., Ltd.	91,763,582	1.31	700,000,000
9	Masterlink Futures	82,264,632	1.18	700,000,000
10	Hua Nan Futures	72,404,227	1.66	435,000,000
11	Mega futures	57,339,476	1.43	400,000,000
12	Cathay Futures	56,614,162	0.85	667,000,000
13	Da Chang Futures	33,206,302	1.11	300,000,000
14	IBF Futures	32,263,926	0.39	821,000,000

Data source: Taiwan Futures Exchange; ranked in accordance with the cumulative net income before tax

(III) Technological research and development

1. Technological intensity and R&D

Yuanta Futures Research Department had exercised the spirit of 2020 in the year of 2021 continuously. In addition to enhancing the output and content of the research reports, Yuanta Futures Research Department strives to promote financial innovation, digital content development and digital platform, and respond to the needs of

overseas customers endlessly with Hong Kong Futures Weekly Reports, Hang Seng Futures Daily Reports, and Overseas Instruments and Futures Weekly Reports provided regularly; also, continue to accompany industry juristic persons to visit, provide analyst opinions, respond to the demands for customized research reports and strategic modeling, and strive to improve Yuanta Futures' professional research value.

In terms of financial innovation, the research department's reports are published through the communication software - Telegram (Yuanta Futures) along with real-time market analysis around the clock; also, a convenient channel is established for research reports on LINE@ (Yuanta Futures) so to introduce special project research and quick market commentary to retain customers. The YouTube channel, the research frontline of Yuanta Futures, has been officially introduced to serve in August 2020. The professional analysts of the research department are to analyze and interpret various special topics, such as, fans' focus, quarterly navigation, famous lecturers, and Trade Academy series. There are currently 3,680 subscribers since the commencement date of the channel that reflects the successful development of the YouTube market. At the same time, the research team has established a Podcast channel with 26,000 downloads achieved that reflects the significant achievement of the research team in integrating research content and digital innovation.

In the aspect of R&D strategic trade, the Company continued to use the features of big data in the futures and options market in 2021 to provide quantified research findings. The Company traced the changes in commodity prices generated by product volatility to inform the customers through the LINE Notify and Yuanta Futures APP data push so that the customers grasp the market movements and the future development.

In prospect of 2022, the Company will continue to work towards a research field in-depth, breadth, and innovation, to optimize the research insight and digital content, and to transfer departmental knowledge and experience to traders through various research reports. The Company will also continue to observe market trends, opportunities, and preferences in order to enhance the correlation between the professional research team and customers that allows investors to receive international market information and the most professional research resources at any time.

2. Academic/career backgrounds of the R&D personnel

The Company's Futures Consulting Division employed 14 staffs; their academic and career backgrounds are as follows:

Item \ Year	2021		Up till January 31, 2022	
	Head count	Percentage	Head count	Percentage
Postgraduate study and above	12	86%	12	86%
University	2	14%	2	14%
Total	14	100%	14	100%
4 years research experience and above	5	36%	5	36%
4 years research experience and below	9	64%	9	64%

In addition, the Company's Research Department maintains a close contact with

Yuanta-Polaris Research Institute and Yuanta Securities Investment Consulting Corporation to enhance the relevant research resources and to expand the Company's scope of research.

3. Annual R&D expenses for the last 5 years

Unit: NTD thousand

Item	2017	2018	2019	2020	2021
R&D Department expenses	18,453	18,828	22,508	23,519	25,776

Here at Yuanta, our Research Department invests huge research budgets which increase year-by-year to precisely respond to customers in their need. This reflects how seriously our Research Department focuses on the very keen need by customers. Apart from the R&D Department, The Company has also allocated some staffs in the IT Department, who engage in research and developments within their own specialties to improve the overall performance or service quality. Most employees had attained Masters or Bachelor degrees in IT, and had many years of financial experience to assist their R&D efforts.

3. Successfully developed technologies or products

(1) Introduction of foreign stocks, foreign stock index, and silver CFDs:

Yuanta Futures is committed to the promotion of digital finance and inclusive financing, long-term support for financial innovation and R&D, and actively constructs an intelligent ecological chain for the financial industry. The leverage contract trading business, including index and USA CFD, was promoted extensively to various customer groups in 2021 that allowed petty investors with small capital to invest in the block instruments and options market, to fulfill the needs of a diversified market, and to achieve the long-term development goal of increasing market participants.

(2) Core Accounting System Replacement Project:

The "Fast Market Fast Trade" policy prevailing in the futures market worsens the market volatility in the hot trading day at the same time. Yuanta Futures completed the optimization and upgrade of the core accounting system and hardware equipment in 2021; also, enhanced more application services and 5-times more of loading capacity so to help provide a stable and excellent trading environment.

(3) Transaction platform development:

The futures market has entered a more competitive era by millisecond along with the rapid development of IT technology. Yuanta Futures strives to link to international market by taking advantage of information talents and outstanding technology, responding to the needs of the business units, and combining AI and big data, which helps Yuanta Futures stay ahead of the industry in artificial intelligence and cloud applications; also, Yuanta Futures strives to plan the systems needed for business development. The Company launched a new generation of electronic trading platform in October 2021 to be integrated with the existing electronic platforms in the sense of functions in order to provide investors with more diversified trading tools and exclusive innovative services.

(IV) Long and short term business development plans

1. Short term development:

- (1) Increase the market share and gross profit margin of domestic and international options: Develop brokerage business and IB channel in-depth, expand the

momentum of the business team, continue to stabilize the main profit engines, develop the integration of securities and futures and the business of industrial juristic person, strive to be the leader in each stock market in Taiwan and abroad, and keep competitors behind.

- (2) Optimizing the quality of brokerage fees: Combine software and hardware equipment upgrade and cross-departmental resources to provide differentiated services, such as, research reports, consulting strategic and intelligent services, and digital platforms, at the same time, focus on customer risk management and substantiate customer care, and enhance general brokerage service value with excellent and caring service quality.
- (3) Exercise the synergy of the Group to help expand business collaboration: Integrate the resources of the Group's subsidiaries, exercise the complementary advantages of the Group's services, cooperate to develop real economy customers, provide customers with comprehensive financial services, exercise the synergy of the financial holdings, and expand business territory.
- (4) Construct an Asian trading platform and expand overseas market: Base on Hong Kong to develop Asian market, secure the leading position in the Asia-Pacific futures economy, build an international trading hub, and become an international leading futures merchant to meet the trading needs of cross-border traders.
- (5) Increase income from leverage contract trading business: Construct the momentum of the business team, continue to develop diversified CFD instruments, enhance the breadth of leveraged instruments, satisfy customers' diversified operations and hedging purpose, and create multiple sources of income in response to the ease of regulations by the regulatory authorities.
- (6) Improve proprietary trading performance: Enhance proprietary trading performance, maximize profits within the controllable risks, and increase proprietary trading income and business stability with the operations of price difference, high frequency, and market making.

2. Long term development:

- (1) Channel transformation and upgrade to increase revenues from multiple sources: The brokerage business team engages in organizational quality improvement. Through new commodities, new mindsets, and new profitability models, channel virtual and real integration teams will be created while striving for innovation optimization through new platforms and cross-departmental marketing.
- (2) Develop international markets and become a world-class futures merchant: Cooperate with the international deployment of Financial Holdings to actively develop overseas bases and customers in order to exercise synergy. Cultivation of the overseas business locations of the Company for emergence as global products trading platform, and the establishment of a full-range futures product line.
- (3) Strengthen risk control and protect customers' assets: Through the Company's accumulated risk management technology and expertise, financial technology commodities and services have been researched and developed to achieve close resource integration and be committed to developing new types of businesses.
- (4) Protect shareholders' rights and interests, pursue sustainable corporate development: Be committed to protecting shareholders' rights and interests upholding the principle of good faith management. Incorporate corporate social responsibility into the company management philosophy and service management model. Implement and promote corporate sustainable management and goals through corporate governance, fair dealing, green finance, social participation, healthy workplace, and other principles.

Yuanta Futures (HK) Co., Limited

(I) Business scope

The business operation of the Company's Hong Kong subsidiary shall not exceed the business scope authorized by local authorities and the Company's business scope approved by the competent authorities in Taiwan. If it is necessary to have new type of business introduced in the future, an application will be filed separately to the domestic and foreign competent authorities.

1. Principal business activities:

- (1) Class I Operation - "Securities Trade."
- (2) Class II business (dealing in futures contracts).
- (2) Class IV Operation - "Consultation on Securities"
- (4) Class V (giving advices on futures contracts).
- (5) Class IX "asset management" business.
- (6) Other business functions approved by the Hong Kong competent authority.

2. Business weightage

In Hong Kong Dollar; %

Item \ Year	2020		2021	
	Operating revenues	Ratio (%)	Operating revenues	Ratio (%)
Income from handling fees	12,647,694	60.67%	13,625,160	76.66%
Interest income	5,567,407	26.71%	2,226,668	12.53%
Net profit in proprietary trading	1,120,362	5.37%	-214,706	-1.21%
Other non-operating revenue	1,511,225	7.25%	2,136,571	12.02%
Subtotal revenues	20,846,687	100.00%	17,773,694	100%

Source: audited financial statements

3. The Company's current products (services)

- (1) Securities Trade: Engagement in securities trade and related business under Class I business regulated by the Hong Kong Securities and Futures Commission.
- (2) Dealing in futures contracts: under the permission of Class II regulated activities of Securities and Futures Commission of Hong Kong to operate relevant business of futures, options, etc.
- (3) Giving advices on securities contracts: under the permission of Class IV regulated activities of Securities and Futures Commission of Hong Kong to operate relevant business of giving advices on securities, etc.
- (4) Giving advices on futures contracts: under the permission of Class V regulated activities of Securities and Futures Commission of Hong Kong to operate relevant business of giving advices on futures contracts, etc.
- (5) Asset management business: Operate asset management related business under the Class IX "asset management" monitored by the Hong Kong Securities and Futures Commission.
- (6) Other business will be approved first by the competent authority in Taiwan, and

then reported to the relevant authorities in Hong Kong for the permission to operate.

4. Optimize and improve customer service

Continue the training of futures talents and researches. First of all, enhance the quality of customer service and commit to train comprehensive futures talents; secondly, in terms of research and development, focus on the development of trading strategies and trading platform and simulate operation verification in order to provide quality services and a stable and fast trading platform.

5. Existing market participants

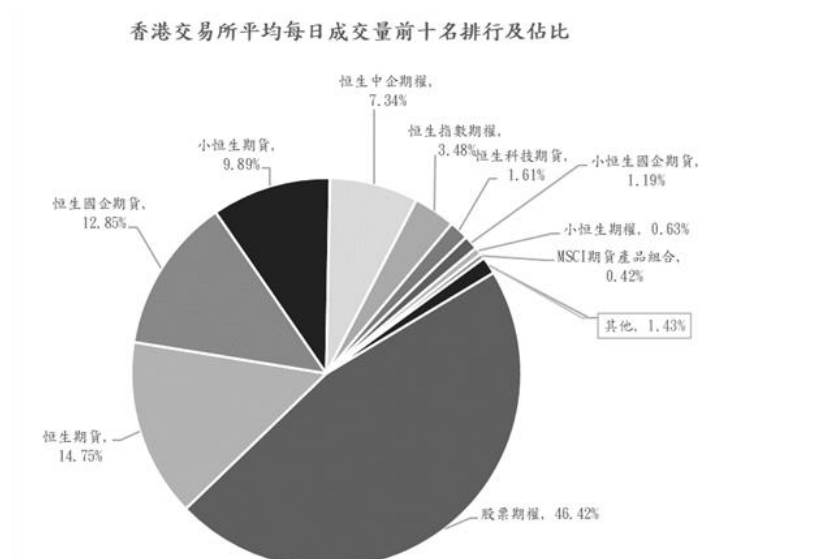
HKEx licensee / number of registers (Data as of December 31, 2021)

	The Stock Exchange of Hong Kong Limited Participants	Taiwan Futures Exchange Participants	The Stock Exchange/ Futures exchange Participants	Non-participant
Licensed institutional groups	595	101	93	2,421
Registration Authority	0	0	0	111
Licensed representative	12,172	835	5,179	17,772
Person in charge / Authorizer	2,163	184	684	6,347

*Exchange Participants are those authorized to trade or trade through the Exchange, and have obtained deals in accordance with "Securities and Futures Ordinance."

Source: Securities and Futures Commission statistical data on market and industries.

6. HKEx futures and options ratio



7.. HKEx average daily turnover Top-Ten ranking and ratio

Instrument	Proportion in transaction volume (%)	Turnover ranking	The average daily turnover
-stock option	46.42%	1	642,427
Hang Seng Index Futures	14.75%	2	139,709
Hang Seng China Enterprises Index Futures	12.85%	3	128,687
Mini-Hang Seng Index Futures	9.89%	4	100,218
Hang Seng China Enterprises Index Options	7.34%	5	45,588
Hang Seng Index Options	3.48%	6	26,671
Hang Seng Technology Futures	1.61%	7	14,838
MCH FUTURES	1.19%	8	13,742
Mini-Hang Seng Index Options	0.63%	9	11,258
MSCI Futures Portfolio	0.42%	10	10,315
Others	1.43%	11	37,844
Total	100.00%		1,171,296

Data Source: HKEx 2021 average daily turnover statistics

(III) Technological research and development

Hong Kong is one of the most liberalized areas in the global finance, with many advantages such as the stably supervisory and regulatory structure, low tax, and zero exchange controls etc. to attract many financial institution and talented persons. The foundation of Hong Kong subsidiary not only promoted the international image of the corporate, but also acquired talents, information, platform, via financial environment in Hong Kong, and introduced new financial instruments, trading strategies, and risks management platform, which are contributive to the development of futures markets of clients, companies, and our country.

(III) Long and short term business development plans

1. The Hong Kong subsidiary is aimed for professional independent operation under the consideration of the overall planning, market change, and segmentation. The site and staff system will be built and constructed gradually in order to provide customers with quality service, to create higher profits, and to achieve maximum operational effect.
2. Receive a diversity of international information, provide diversified products, expand B2B business in Taiwan, Hong Kong, Korea, Vietnam and other regions.
3. Continue to launch physical delivery of institutions and intensify the differentiation in service business in the industry with further in-depth development of service for the institutional clients.
4. Build up the “Professional Dealer” brand in Asia-Pacific.

It is expected to accumulate international practical experience and to enhance international competitiveness by actively participating in the brokerage-related business in Hong Kong futures market. Create a complete product and service line and develop more diversified and wide-range of professional business models in the

futures brokerage and consultancy industry internationally.

SYF Information Co., Ltd.

(I) Business scope

1. Management Consulting Services
2. Information software, data processing services and electronic information supply services.
3. Sales Agent for computer software and hardware
4. Develop e-commerce project and internet service
5. After-sales warranty service for various system and software

(I) Industry overview

Due to fierce competition in the securities and futures industry, information enterprises that want to get an opportunity to generate profit in related industries must highly rely on information technology stability, speed, and processing power. Information technology is an important tool to the securities and futures industry for business promotion. An interruption of the supply of such information technology in any form, even for a short period of time, will result in significant financial and goodwill losses to the Company, including the impact on the trust of customer on the company. Therefore, many customers have based their choice of information industry as service provider on the information technology development ability and after-sale service quality.

(III) Technological research and development

Since the establishment of the Taiwan Information Company, it has absorbed and integrated the practical experiences of the parent company, Yuanta Futures, including front-desk trading, backstage management, product maintenance and transportation, and product development; also, it has continued to research and develop key technologies and develop customized products.

(IV) Business development plans

1. Mid and short-term development:
 - (1) Develop high-speed middle office and back office information system
 - (2) Develop customer information system service
 - (3) Provide risks control service module
 - (4) Integrate securities and options quotation in Taiwan and overseas and provide trading simulation platform
 - (5) Develop plug-in and develop customize products of securities and futures applications.
2. Long term development
 - (1) Develop internet marketing business model
 - (2) Increase the leveraged trader business information and external programs development and services.

II. Market and sales overview

(I) Market analysis (with industry-specific key performance indicators)

1. Locations where products (services) are primarily sold (provided), and market share information

2021 market share between The Company and its main competitors:

Name of futures	Taiwan futures	Taiwan options	Sub-total of
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merchant			overseas
Yuanta Futures	23.36%	18.42%	26.39%
KGI Futures	25.56%	11.17%	12.46%
Capital Futures	10.12%	5.67%	20.28%
Sinopac Futures	6.23%	5.73%	8.42%
President Futures	3.94%	4.06%	6.17%
Fubon Futures	3.43%	2.26%	6.38%
Concord Futures	2.66%	3.29%	4.48%
Masterlink Futures	2.38%	2.76%	3.07%
Jih Sun Futures Co., Ltd.	2.32%	2.35%	2.24%
Hua Nan Futures	2.15%	2.54%	1.68%
Mega futures	1.39%	1.34%	1.28%
IBF Futures	1.29%	1.70%	1.72%
Cathay Futures	1.23%	1.14%	1.77%
Da Chang Futures	0.95%	1.59%	0.60%

Source: Chinese National Futures Association

2. Future market supply/demand and growth potentials

Taiwan stocks fluctuated violently in 2021 with the weighted index gone up continuously and the trading volume of stock futures increased by 183% to the record high of 75 million units. The hot trading items of FITE and FITF that were introduced in 2021 had helped increase the total futures trading volume to 392 million units in Taiwan, representing an increase of 15% from the 341 million units reached in the year before, a record high in the futures market. Of which, TXO accounted for 197 million units, FITX accounted for 43 million units, and FIMTX accounted for 72 million units. Furthermore, the trade of FIMTX had gone up by 20% from the year of 2020.

For the purpose of providing an opportunity to traders with small capital to trade in electronics stock, the new instrument of “FITE” was launched by Taiwan Futures Exchange in June 2021 that was with 475,000 units traded upon the launch. The “FITF” was launched in December 2021 in response to the development trend of international futures trading institutions.

Taiwan Futures Exchange will continue to promote diversified instruments and link to the international market. There are three new regulations expected to be introduced in June or July 2022, including the biweekly options, the inclusion of active ETF in night trade, and the NTD IRS members voluntary centralized clearing service provided to traders with more choices, at the same time, hopes for the arrival of the new era for the futures market and the growing market momentum of futures through the enhanced transaction efficiency and security as a result of the new regulations introduced.

3. Competitive advantage

Yuanta Futures adheres by the core value of “SMART,” assisting customers in seizing global investment opportunities and performing proper risk control for

customers. Providing high-quality industrial research, applying smart trading to strengthen customers' investment portfolios, and providing tailor-made options to meet customers' needs are Yuanta Futures' corporate missions. Yuanta Futures' market-leading competitive niches are as follows:

(1) The Best Futures Brand

Yuanta Futures is under Yuanta Financial Holding Co., Ltd., the largest futures dealer in Taiwan. It ranks number one in domestic and overseas futures and options market shares, profitability, and capital. It is the first futures dealer to have obtained leverage trading qualification in Taiwan. The company has engaged in steady management without bank loans and with a strong financial support. It has actively engaged in the development of various innovative businesses to provide foreign investors, corporate bodies, and individual customers with the safest investment environment.

(2) The Most Complete International Channels

Yuanta Futures provides the most complete channel services in Asian market. In addition to the industry's leading interwoven service network made up of over 250 business bases, the company has cultivated Hong Kong and China markets over the years and have successively obtained INE overseas crude oil and Dalian Commodity Exchange's secondary agency of iron ore to provide investors with various cross-strait investment opportunities and customized services such as serving the real economy.

(3) Best Quality Customer Services

Yuanta Futures has membership in 16 exchanges around the world, the highest in the industry. It also has more than 20 years of 24/7 trading experience, providing professional international trading services without a time delay and completing commodity research reports. In order to provide complete options services, the industry's first composite information integration service APP has been set up. It includes research report information on the world's eight categories of futures and options. Smart Mall and Subscription Economy innovative services have been introduced to meet customers' various information service needs. To align with the trend of smart automated trading, the Company also introduced the dynamic smart strategic management system to sort out the optimal strategy through artificial intelligence computation to create an exclusive futures option dealing room for the customers.

4. Opportunities

- (1) TFE will continue to launch new products and systems to make the product line of the domestic futures market complete and provide the traders a greater variety of choices for hedging.
- (2) The Company's options have innovation ability and the trading platform has integrated functions, and the brokerage market share is second to none in the long run, in other words, the Company has fully exercised the synergy of the Group's resources integration advantages.
- (3) We develop overseas future products through intelligent and digital channel transformation, offer 24-hour global services, and provide O2O service experience with social media platforms to improve service quality for customers.
- (4) With healthy financial structure, a viable system of risk management, and good practice in corporate governance, the Company strictly controls the clearing of transactions for proper control of risk.
- (5) The Company has a great variety of training programs for its personnel, which

helped to upgrade the professional skills of the sales personnel and the back-end staff in compliance with applicable laws.

- (6) Incorporate the sustainable development of the enterprise into the Company's operating purpose and service management model so to substantiate the Company's ESG goals through ethical corporate management, customer service, green finance, social feedback, healthy workplace, etc., as well as the principle of treating clients fairly to safeguard customers' rights and interests.

5. Future opportunities, threats, and responsive strategies

- (1) The financial environment will continue to be rough. As such, the Company has mapped out the strategy for coping with the instability of profits from commission incomes and proprietary trade

Responsive strategies:

- ① Creating multiple income sources: adopt an international perspective in both trading strategy and product promotion to avoid local price competitions or concentrated revenue sources. The Company has sufficient relative advantage in international markets to secure its revenues.
- ② Dedication to high service quality: offering 24-7 trading services, IT platform upgrades and customization, professional market analysis and recommendations etc. to highlight our differentiated services, and thereby building our brand image while securing customers' loyalty.
- ③ Broaden the horizon of the marketing strategy: given the advantage of the financial holdings, the Company will provide a wider array of products and services. By integrating the strategies of excellent future trading advisor team, and the interface of the outstanding IT platform, the Company will intensify strategic marketing activities, allows for more exposure to the media, higher visibility of the brand of the Company to the investors, and effectively enlarge the market size.

- (2) Futures margin trading is highly leveraged and is susceptible to settlement losses, which discourages investors' participation.

Responsive strategies:

- ① The high leverage involved in margin trading is investors' choice, not obligation. We can eliminate investors' doubts by communicating proper concepts on capital managements.
- ② Teach investors the "STOP" strategy to avoid major losses while earning sizable gains.

(II) Main product purpose and production process: not applicable.

(III) The supply of key raw materials: not applicable.

(IV) Name of trade partner representing more than 10% of total purchases (sales) in any of the last two years, and the amounts and percentages of purchases (sales). Describe the causes of any variation: not applicable.

(V) Production volume and value in the last two years: not applicable.

(VI) Sales volume and value in the last two years: not applicable.

III. The number of employees, average years of service, average age, and academic background in the last 2 years up till the publication date of this annual report

Yuanta Futures Co., Ltd.

Year		2020	2021	Up till January 31, 2022
Number of employees		412	412	415
Average age		38.98	39.36	39.44
Average years of service		9.13	9.47	9.50
Distributions by Education	Doctoral Degree	0.24%	0.24%	0.24%
	Master's Degree	23.55%	22.33%	23.13%
	Bachelor's Degree	70.63%	72.82%	71.81%
	High school	5.58%	4.61%	4.82%

Yuanta Futures (HK) Co., Limited

Year		2020	2021	Up till January 31, 2022
Number of employees		24	26	24
Average age		36.44	33.67	34.23
Average years of service		2.18	2.18	2.32
Distributions by Education	Doctoral Degree	0%	0%	0%
	Master's Degree	41.67%	42.31%	41.67%
	Bachelor's Degree	58.33%	57.69%	58.33%
	High school	0%	0%	0%

SYF Information Co., Ltd.

Year		2020	2021	Up till January 31, 2022
Number of employees		0	0	0
Average age		-	-	-
Average years of service		-	-	-
Distributions by Education	Master's Degree	-	-	-
	Bachelor's Degree	-	-	-
	High school	-	-	-

SYF Information (Shanghai) Limited

Year		2019	2020	Up till January 31, 2021
Number of employees		1	0	0
Average age		24.87	-	-
Average years of service		2.23	-	-
Distributions by Education	Master's Degree	0%	-	-
	Bachelor's Degree	100%	-	-
	High school	0%	-	-

IV. Contribution to Environmental Protection

- (I) Companies that are required to apply for pollution treatment facilities or pollutive emission permits, or required to pay pollution treatment expenses, or required to assign dedicated environmental staffs, must detail their applications, payments, or any arrangements: not applicable.
- (II) List and equipment or investment relating to pollution prevention; describe their purposes and the likely benefits: not applicable.
- (III) Describe any improvements towards pollutions and disputes arising from which in the last 2 years, up till the publishing date of this annual report: not applicable.
- (IV) Describe any losses or penalties caused by pollutions (including compensations) in the last 2 years up till the publishing date of this annual report; disclose responsive strategies (including corrective measure) and the likely expenses (including losses, penalties, and compensations for not taking corrective actions; state the reasons if losses can not be estimated): none.
- (V) Describe the current pollution situation and how improving the situation may affect the company's earnings, competitiveness, and capital expenditure; estimate major capital expenditures on environmental protection in the next 2 years: not applicable.

V. Employer and employee relationships

- (I) **The availability of employee welfare, training, ongoing education, and retirement policies. Elaborate on the agreements between employers and employees, and the protection of employees' rights.**

1. Employees' welfare

(1) Employees' Welfare Committee:

- ① Birthday, Maternity, marriage, and funeral subsidies
- ② Chinese New Year, Dragon Boat Festival and Mid-Autumn Festival gifts
- ③ Children's education subsidies
- ④ Emergency aid
- ⑤ Group recreation and tourism

(2) The Company provides:

- ① Group accident insurance

- ② Year-end bonus
- ③ Remuneration to employees (according to the Company's Articles of ④ Monthly pension contributions in accordance with the Labor Standards Act
- ④ Annual health check-up
- ⑤ Year-end lucky draw banquet

(3) Government regulations:

- ① Mandatory participation in the Labor and Health Insurance Schemes
- ② Compensation for occupational hazards according to the Labor Standards Act
- ③ Any other requirements under the Labor Standards Act, the Labor Insurance Act, and the National Health Insurance Act

The percentages of Yuanta staff in reinstatements and retaining after parental leave in 2021:

Item	Female	Male	Total
The aggregate total of Yuanta staff in reinstatements after parental leave in 2021 (A)	2	0	2
The aggregate total of Yuanta staff in substantial reinstatements after parental leave in 2021 (B)	1	0	1
Reinstatement percentage (%) (B/A*100)	50%	0	50%
The aggregate total of Yuanta staff in substantial reinstatements after parental leave in 2020 (C)	2	0	2
The aggregate total of Yuanta staff still on the job within 12 months after reinstatements in 2020 (D)	2	0	2
Retaining percentage (%) (D/C*100)	100%	0	100%

2. Employees' education policy: in order to enhance employees' professional knowledge, skills, efficiency, and work quality, we have established the following Education Policy in conformity to human resource requirements:

Orientation: Department guidance.

Department training: (1) Professional skills training (2) Work guidance (3) Workshops (4) Department meetings (5) Reading group

Outsourced training: (1) Out-stationed training (2) Internal training with hired speakers

Nurtured training: (1) Managerial talents nurturing program (2) Internal speakers nurturing program (3) Certificate examination

Foreign training: (1) Foreign inspection (2) Foreign education (3) Foreign workshop

Project training: (1) Intensive training for managerial staffs

Mandated training: (1) Pre-job training for futures specialist (2) On-job training for futures specialist (once every 2 years)

Training expenses totaled NT\$2,298,723 in the latest year.

In order to improve the professionalism of internal audits, auditors are required to participate in internal audit workshops as well as external conferences. Financial staffs are also required to attend training courses organized by the competent authority and other relevant units.

The Company's managers and other employees had received the following training in 2021:

Date of information: December 31, 2021

Title	Name	Organizer	Course name	Hours	Date
Chairman	Tien-Fu Lin	Yuanta Futures Co., Ltd.	The information security and social engineering education and training in the first half of the year	1.5	2021.03.25
		Taiwan Securities Association	Anti-money laundering and countering the financing of terrorism practices and case studies (including insider trading prevention propaganda)	3	2021.05.04
		Yuanta Futures Co., Ltd.	Education and training on the Financial Consumer Protection Act in the first half of the year	1.5	2021.06.15
		Taiwan Securities Association	Challenges and countermeasures of information security	3	2021.08.03
		Taiwan Securities Association	Sustainable finance innovation and management	3	2021.09.07
		Taiwan Securities Association	Introduction and response to Financial Consumer Protection Act	3	2021.10.05
		Yuanta Futures Co., Ltd.	Information security education and training in the second half of the year	1.5	2021.08.30
		Yuanta Futures Co., Ltd.	Occupational safety and health education and training	3	2021.12.22
Vice Chairman	Hsiao-Ling Chou	Yuanta Futures Co., Ltd.	The information security and social engineering education and training in the first half of the year	1.5	2021.03.25
		Taiwan Securities Association	Anti-money laundering and countering the financing of terrorism practices and case studies (including insider trading prevention propaganda)	3	2021.05.04
		Yuanta Futures Co., Ltd.	Education and training on the Financial Consumer Protection Act in the first half of the year	1.5	2021.06.15
		Taiwan Securities Association	Challenges and countermeasures of information security	3	2021.08.03
		Yuanta Futures Co., Ltd.	Information security education and training in the second half of the year	1.5	2021.08.30
		Taiwan Securities Association	Sustainable finance innovation and management	3	2021.09.07
		Taiwan Securities Association	Introduction and response to Financial Consumer Protection Act	3	2021.10.05
		Taiwan Academy of Banking and Finance (TABF)	Legal compliance personnel on-job workshop (Class 251)	15	2021.11.22
		Yuanta Futures Co., Ltd.	Occupational safety and health education and training	3	2021.12.22
President	Kuo-Tsun Hsu	Yuanta Futures Co., Ltd.	The information security and social engineering education and training in the first half of the year	1.5	2021.03.25
		Taiwan Securities Association	Anti-money laundering and countering the	3	2021.05.04

Title	Name	Organizer	Course name	Hours	Date
			financing of terrorism practices and case studies (including insider trading prevention propaganda)		
		Yuanta Futures Co., Ltd.	Education and training on the Financial Consumer Protection Act in the first half of the year	1.5	2021.06.15
		Taiwan Securities Association	Challenges and countermeasures of information security	3	2021.08.03
		Yuanta Futures Co., Ltd.	Information security education and training in the second half of the year	1.5	2021.08.30
		Taiwan Securities Association	Sustainable finance innovation and management	3	2021.09.07
		Taiwan Securities Association	Introduction and response to Financial Consumer Protection Act	3	2021.10.05
		Yuanta Financial Holding Co., Ltd.	Summit Forum - Corporate Governance Risk - Investment and Credit Extending	2	2021.10.21
		Yuanta Futures Co., Ltd.	Financial Consumer Protection Act	1.5	2021.12.03
		Yuanta Futures Co., Ltd.	Occupational safety and health education and training	3	2021.12.22
Executive Vice President	Yi-Jui Kao	Yuanta Futures Co., Ltd.	The information security and social engineering education and training in the first half of the year	1.5	2021.03.25
		Yuanta Futures Co., Ltd.	Education and training on the Financial Consumer Protection Act in the first half of the year	1.5	2021.06.15
		Yuanta Futures Co., Ltd.	Information security education and training in the second half of the year	1.5	2021.08.30
		Yuanta Futures Co., Ltd.	Education and training on the corporate culture of treating clients fairly	0.5	2021.09.07
		Taiwan Securities Association	Introduction and response to Financial Consumer Protection Act	3	2021.10.05
		Securities and Futures Development Foundation	Anti-money laundering and countering the financing of terrorism on-the-job workshop (12 hours) – Class 59	12	2021.12.03
		Yuanta Futures Co., Ltd.	Occupational safety and health education and training	3	2021.12.22
Executive Vice President	Chun-Chieh Wang	Yuanta Futures Co., Ltd.	The information security and social engineering education and training in the first half of the year	1.5	2021.03.25
		Taiwan Securities Association	Anti-money laundering and countering the financing of terrorism practices and case studies (including insider trading prevention propaganda)	3	2021.05.04
		Yuanta Futures Co., Ltd.	Education and training on the Financial Consumer Protection Act in the first half of the year	1.5	2021.06.15
		Taiwan Securities Association	Challenges and countermeasures of information security	3	2021.08.03

Title	Name	Organizer	Course name	Hours	Date
		Yuanta Futures Co., Ltd.	Information security education and training in the second half of the year	1.5	2021.08.30
		Taiwan Securities Association	Sustainable finance innovation and management	3	2021.09.07
		Taiwan Securities Association	Introduction and response to Financial Consumer Protection Act	3	2021.10.05
		Yuanta Futures Co., Ltd.	Financial Consumer Protection Act	1.5	2021.12.03
		Yuanta Futures Co., Ltd.	Occupational safety and health education and training	3	2021.12.22
Senior Vice President of the Domestic Juristic Person Department	Chia-Ling Tsai	Yuanta Futures Co., Ltd.	The information security and social engineering education and training in the first half of the year	1.5	2021.03.25
		Yuanta Futures Co., Ltd.	Education and training on the Financial Consumer Protection Act in the first half of the year	1.5	2021.06.15
		Yuanta Futures Co., Ltd.	Information security education and training in the second half of the year	1.5	2021.08.30
		Yuanta Futures Co., Ltd.	Education and training on the corporate culture of treating clients fairly	0.5	2021.09.07
		Securities and Futures Development Foundation	Anti-money laundering and countering the financing of terrorism on-the-job workshop (12 hours) – Class 57	12	2021.11.05
		Yuanta Futures Co., Ltd.	Financial Consumer Protection Act	1.5	2021.12.03
		Yuanta Futures Co., Ltd.	Occupational safety and health education and training	3	2021.12.22
Vice President of the Overseas Institutional Business Department	Chun-Hao Chang	Yuanta Futures Co., Ltd.	The information security and social engineering education and training in the first half of the year	1.5	2021.03.25
		Yuanta Futures Co., Ltd.	Education and training on the Financial Consumer Protection Act in the first half of the year	1.5	2021.06.15
		Yuanta Futures Co., Ltd.	Information security education and training in the second half of the year	1.5	2021.08.30
		Yuanta Futures Co., Ltd.	Education and training on the corporate culture of treating clients fairly	0.5	2021.09.07
		Yuanta Financial Holding Co., Ltd.	Summit Forum - Corporate Governance Risk - Investment and Credit Extending	2	2021.10.21
		Securities and Futures Development Foundation	Anti-money laundering and countering the financing of terrorism on-the-job workshop (12 hours) – Class 57	12	2021.11.05
		Yuanta Futures Co., Ltd.	Financial Consumer Protection Act	1.5	2021.12.03
		Yuanta Futures Co., Ltd.	Occupational safety and health education and training	3	2021.12.22
Finance Department Vice	Liang-Hui Yuan	Taiwan Securities Association	The 1 st derivative foreign exchange instrument training course held in Taipei	61	2021.03.30
		Yuanta Futures Co., Ltd.	Education and training on the Financial Consumer Protection Act in the first half of	1.5	2021.06.15

Title	Name	Organizer	Course name	Hours	Date
President			the year		
		Taiwan Securities Association	Anti-money laundering and countering the financing of terrorism on-the-job workshop (12 hours) – Class 54	12	2021.08.13
		Yuanta Futures Co., Ltd.	Information security education and training in the second half of the year	1.5	2021.08.30
		Yuanta Financial Holding Co., Ltd.	Summit Forum - Corporate Governance Risk - Investment and Credit Extending	2	2021.10.21
		Yuanta Futures Co., Ltd.	Financial Consumer Protection Act	1.5	2021.12.03
		Yuanta Futures Co., Ltd.	Occupational safety and health education and training	3	2021.12.22
Senior Assistant Vice Presidents	Hui-Ching Lu	Accounting Research and Development Foundation of the R.O.C.	Continuing Professional Development Course for Principal Accounting Officers-Workshop for Consolidated Financial Report Preparation Practice (Self-prepared Consolidated Financial Reports)	3	2021.03.19
		Taiwan Securities Association	The 1 st derivative foreign exchange instrument training course held in Taipei	61	2021.03.30
		Accounting Research and Development Foundation of the R.O.C.	Continuing study course for accounting officers - Exchange rate risk management and accounting process	3	2021.04.23
		Yuanta Futures Co., Ltd.	Education and training on the Financial Consumer Protection Act in the first half of the year	1.5	2021.06.15
		Yuanta Futures Co., Ltd.	Information security education and training in the second half of the year	1.5	2021.08.30
		Yuanta Financial Holding Co., Ltd.	Summit Forum - Corporate Governance Risk - Investment and Credit Extending	2	2021.10.21
		Yuanta Futures Co., Ltd.	Financial Consumer Protection Act	1.5	2021.12.03
		Yuanta Futures Co., Ltd.	Occupational safety and health education and training	3	2021.12.22

Participants	Organizer	Course name	Hours	Persons
All employees	Yuanta E-Academy online education and training	Legal & compliance / Anti-Money Laundering /Anti-bribery/Information Safety/Personal Information Protection Act/Corporate Social Responsibility and Financial Consumers Protection Act Training	1~1.5	6237 persons
Reserve supervisors	Yuanta Financial Holding Co., Ltd.	Yuanta MBA - Section supervisor training	90	6 persons
Reserve supervisors	Yuanta Financial Holding Co., Ltd.	Yuanta MBA- Department head training	120	4 persons
All employees	Management Department of Yuanta Futures Co., Ltd.	Introduction to Financial Consumers Protection Act and Case Study	1.5	142 persons
Treating clients fairly team	Taiwan Securities Association	Introduction of the Financial Consumer Protection Act and response (treating clients fairly) evaluation seminar	3	7 persons
All employees	Management Department of Yuanta Futures Co., Ltd.	Education and training on the Financial Consumer Protection Act	1.5~3	847 persons
All employees	Management Department of Yuanta Futures Co., Ltd.	Education and training on the corporate culture of treating clients fairly	0.5	345 persons
Sale personnel	Management Department of Yuanta Futures Co., Ltd.	The “Education and training on anti-money laundering, countering the financing of terrorism, and anti-proliferation of weapons of mass destruction on-job workshop” in the first half of the year	2	177 persons
Sale personnel	Management Department of Yuanta Futures Co., Ltd.	AI investment calculation sharing	1.5	43 persons
All employees	Management Department of Yuanta Futures Co., Ltd.	Education Training for Anti-Money Laundering, Countering the Financing of Terrorism, and Non-proliferation of Nuclear Weapons	0.5	818 persons
AML Supervisor/ designated personnel	Taiwan Securities Association	Anti-money laundering and countering the financing of terrorism on-job workshop (re-training)	6	2 persons
AML Supervisor/ designated personnel	Taiwan Securities Association	Anti-money laundering and countering the financing of terrorism on-job workshop (re-training)	12	18 persons
AML Supervisor/ designated personnel	Taiwan Securities Association	Training programs for qualifications in anti-money laundering & combating financing of terrorism (AML/CFT)	12	10 persons
Proprietary	Taiwan Securities Association	61-hour On-the-job training programs	61	83

Participants	Organizer	Course name	Hours	Persons
Trading Department (leverage transaction merchant)		for derivative financial instruments related personnel		persons
Proprietary Trading Department/ Risk Management Department/ Auditing Department/ Clearing Department/ Compliance Department personnel	Taiwan Securities Association	On-the-job training programs for derivative financial instruments related personnel	6	24 persons
All employees	Taiwan Securities Association	Margin purchase and short sale qualification training course	18	4 persons
Accounting Supervisor	Accounting Research and Development Foundation of the R.O.C.	Continuing study courses for accounting officers	3	2 persons
All employees	Management Department of Yuanta Futures Co., Ltd.	Occupational safety and health education and training	1.5~3	838 persons
Incoming employees	Yuanta Financial Holding Co., Ltd.	Training of occupational safety and health for the new entrants	3	62 persons
Incoming employees	Yuanta Financial Holding Co., Ltd.	Newcomer education and training	43	7 persons
Incoming employees	Management Department of Yuanta Futures Co., Ltd.	Newcomer education and training	6	75 persons
Incoming employees	Management Department of Yuanta Futures Co., Ltd.	Newcomer education and training	7.5	31 persons
All employees	Management Department of Yuanta Futures Co., Ltd.	Social engineering rehearsal intensive education and training	0.5~1	26 persons
All employees	Management Department of Yuanta Futures Co., Ltd.	Information security advocacy	1.5~3	867 persons
All employees	Management Department of Yuanta Futures Co., Ltd.	Education and training on Corporate Social Responsibility (CSR)	1	409 persons
All registered sales	Chinese National Futures Association	On-the-job training programs for futures salespeople (including futures/consultation/proprietary trading/leverage business)	6~24	195 persons
	Taiwan Securities Association	On-the-job training programs for securities salespeople	15	73 persons
All personnel	Securities and Futures Development Foundation	Mandatory orientation for new entrants (including securities and futures/consulting/and leverage)	3~12	93 persons

Employees' certification

Date of information: January 31, 2022

Certificate and license name	2020	2021	Up till January 31, 2022
Futures Practitioner, China	27	23	23
Futures Practitioner, Hong Kong	4	4	4
Futures Associated Persons	332	330	332
Futures Trading Analyst	26	26	26
Securities sales personnel	182	186	184
Senior securities sales personnel	125	120	123
Certified Securities Investment Analyst	7	7	7
Certified Securities Investment Trust and Consulting Professional	65	59	60
CFA 1 Chartered Financial Analyst	2	2	2
CFP Certified Financial Planner	3	3	3
CAMS Certified Anti-Money Laundering Specialists	1	2	2
Trust Personnel	74	75	75
The bank's internal controls and internal auditors	20	24	24
Derivative financial instruments salespeople	29	28	27
Structured instruments salespersons	101	97	98
Investment insurance salespersons	20	19	19
Certified Financial Planner	29	28	28
Wealth management salespersons	20	19	19
Bills personnel	2	2	3
Certified Life Insurance Representative	54	54	54
Certified Property Insurance Representative	29	27	27
Bond personnel	2	1	1
Qualification of advanced calculation of equity capital adequacy ratio of Securities Dealers	1	0	0
Nurses	1	1	1
Domestic lawyers	1	1	1
Domestic accountants	1	1	1

3. Pension system: since October 1998, The Company had complied with the Labor Standards Act by contributing 2% of employees' salaries as pension into dedicated accounts opened under the Bank of Taiwan. The Labor Standard Act came into effect since 1 July 2005, and mandated a defined contribution plan. After its implementation, employees were given the option to choose between the pension scheme made available under the "Labor Standards Act", or the pension scheme under the new "Labor Standard Act" while carrying forward their years of service into the new scheme.
4. Employer/employee agreements and employees' rights: The Company had maintained a harmonic relationship with its employees since inception. It organizes meetings with employees according to its Employer/Employee Meeting Rules as a form of communication and as means for settling disputes.

(II) The losses resulted from labor disputes in the last two years and up to the annual report published date; disclosure of the current and noncurrent estimated losses and the responsive measures; if such loss amount cannot be reasonably estimated, please state the reason why:

Hong, the former employee, voluntarily applied for retirement to the Company. The Company had his pension calculated and paid lawfully. Hong had received the pension payment and still filed a civil lawsuit in June 2015 to request having pension calculated as an employee of the terminated company, disappearing company Polaris Securities, a third party to the lawsuit for an amount of NT\$6,216,600 plus statutory interest. In January, 2016, Taiwan Taipei District Court ruled recently that the Company should pay NT\$813,730 to Hong and the interest at 5% per annum for the period from June 16, 2015 to the liquidation date. Both the plaintiff and the defendant of the case had appealed to Taiwan High Court. Hung appealed after the 2nd trial to request to reduce the amount to NT\$4,755,246 and mandatory interest. The case was trialed by the High Court of Taiwan. The judgement came in December 2016 that the original judgement of the order to pay the Company NT\$2,664 in principal and interest, and order the Company to bear the expenses incurred from the legal proceedings was annulled. The appeal of Hung in response to the ruling of the 1st trial in respect of the aforementioned portion of annulment was overruled. The appeal of Hung and the other appeals filed by the Company were overruled. The Company was ordered to pay NT\$2,664 and interest under the judgement of the 2nd trial, and the proceedings shall be final without further appeal. From the notice of the High Court of Taiwan dated January 25, 2017, Hung petitioned to appeal for the 3rd trial. The ruling of overruling the appeal of Hung and the request for payment of NT\$797,606 in principal and interest being annulled was returned to the High Court of Taiwan in the ruling of March 2019. Other appeals were overruled. Upon Taiwan High Court's first instance verdict on December 1, 2020, regarding the company ordered to pay the principal and interest in the amount of NT\$797,606 (except the finalized principal and interest in the amount of NT\$2,664), the judgment on the litigation costs was discarded. Regarding the above discarded part, Hung's first instance lawsuit was dismissed; for the revised verdict on the discarded part, Hung's shouldered the litigation costs for the first instance, second instance, and before the remanded third instance (except for the finalized part). A notice from Taiwan High Court was received on January 14, 2021 regarding Mr. Hung's appeal for a trial of third instance. The High Court had the original judgment regarding the rejection of the appellant's appeal and the lawsuit at the first instance overruled in June 2021; also, the litigation cost was overruled and the case was remanded to Taiwan High Court. The case is currently in the trial of the 2nd instance by Taiwan High Court. The case has no significant impacts to The Company's operation or shareholders' equity.

(III) Working environment and employee personal safety

Item	content
Entrance Security	<ol style="list-style-type: none"> 1. Our office building has Strict access control monitoring system during the daytime and the nighttime. 2. The access to the Company's building is controlled by security personnel during the day, night, and holidays so to secure the safety of the office.
Equipment maintenance and inspection	<ol style="list-style-type: none"> 1. According to regulations for inspecting and reporting buildings public security, the building management committee appoints the external professional company to conduct buildings public safety inspection every two years. 2. According to Fire Services Act, it is outsourced to conduct the fire- fighting equipment security inspection every year. 3. According to the Company's code of practice in labor safety and health, for every three month the maintenance of dispensers is conducted, for every year the maintenance and inspection of air conditioning, and fire- fighting devices, etc., and regular check for vehicle by miles.
Disaster prevention and response actions	<ol style="list-style-type: none"> 1. The Company have formulated "Main points of Natural Disasters and attendance management in other incidents" "Major Accidental Event Reporting Operating Guidelines," and "Labor Safety and Health Management Rule" to prepare notes for disaster prevention and urgency repair in advance, and reporting procedures of accidents and occupational injuries. Responsibilities and tasks due to major events such as natural disasters, serious injuries, etc. in a sudden. 2. To keep employee safety and health and promote health and safety services, the Company places one Certified Administrator of Occupational Safety and Health affairs - Class A and several First Aid Personnel.
Physical health	<ol style="list-style-type: none"> 1. Physical examination: The Company provides regular health examination every two years in accordance with Labor Safety and Health Act for in-service staff. Psychological counseling and assessment is also provided and the psychological counseling may be requested to the physician as personal wishes. 2. Working environment hygiene: smoking completely prohibited in business areas, and seminar tours are arranged, the office environment is regularly cleaned and disinfected.
Mental health	<ol style="list-style-type: none"> 1. Education and Training: Stress (emotion) management course, communication skills course, and innovative thinking course are arranged, feature seminars for employees' mental accommodation and strengthening competence are held, and e-learning is provided. 2. Opinions delivery: establish an employees' dedicated block on the website; provide employees' opinions discussion area, suggestion area, application form and user manuals download area, legal pieces, learning are, and training announcement area; provide channels for employees' opinions delivery, emotion outlets, and interactive learning. 3. Sexual harassment prevention: Ratify the "Guideline on sexual harassment prevention, complaint, and discipline."
Insurance and medical condolences	<ol style="list-style-type: none"> 1. The Company provides labor insurance (covering occupational injuries insurance) and health insurance for employees as required by law. The Company finds the other insurance company to provide employees and their dependents accident insurance, medical insurance cancer insurance, etc. at preferential rates. 2. The Company have all employees insured against accidents on duty with insurance coverage 10 million NTD as the compensation for employees or the heirs due to work related disabilities or death. 3. Provide preferential allowance and subsidies for injuries and death of the employee as well as injuries and death of the employee's spouse and children.

VI. Information security management

(I) The Company's information security risk management framework, information security

policy, specific management plan, and resources invested in information security management are:

The Company's "Information Security Policy" is in place and approved by the Board of Directors for reference in establishing an information security management system and enacting relevant information security management specifications and procedures in order to protect the confidentiality, integrity, and availability of the Company's important information. In addition, the Company's security policy is based on the purpose of protecting shareholders' rights and interests; also, aiming at the goals of "protecting information assets" and "maintaining continuous business operation and achieving the sustainable operation of the enterprise."

For the purpose of enhancing the information security decision-making, reinforcing information security supervision, and coordinating information security policies promotion and resources coordination and application, the Company has an information security unit "Information Security Team" organized with 3 full-time staff and the Information Security Officer designated to be responsible for the Company's information security management, planning, supervision, and promotion of information security management operations, and reporting the implementation of information security management to the board of directors regularly.

In terms of information security management, it includes implementing information governance and legal compliance; also, risk management and control with a focus on protecting information security, including internal self-inspection, external active detection, disaster contingent rehearsal, and management enhancement. In addition, the Company is actively introducing various automation detection, behavior monitoring and other systems. The information security budget accounted for 11.39% of the overall information capital expenditure in 2021, including the real-time monitoring and blocking of external threats, or the internal control over data access, operational conducts, and equipment segmentation so to prevent illegal or malicious behavior with an intensive isolation and filtering mechanism.

In addition to information security protection measures, the Company participates in the Financial Information Sharing and Analysis Center (F-ISAC) to achieve joint defense synergy by having the threat information integrated with the information security defense system. Also, assess potential risks with the help of a third-party trustworthy unit, and to perform vulnerability scanning regularly, penetration testing, and various computer information security inspection or evaluation operations lawfully.

- (II) Losses from, possible impacts of, and countermeasures for major information security incidents in the most recent year and as of the date the annual report published: None.

VII. Major contracts

(II) Yuanta Futures Co., Ltd.

Date of information: January 1, 2022

Contract nature	Participants	Contract start and end dates	Main contents	Restrictive clauses
Purchase Agreement on IT Hardware	Omni System Integration, Inc.	June 19, 2018 ~ September 5, 2023	Network equipment renewal & Banqiao IDC relocation.	None
Decoration contract	L & L Interiors Inc.	November 30, 2020 ~ January 2, 2023	General renovation engineering and office equipment project of Yuantai Building	None
Leasing agreement on real properties (leasing)	Yuanta Life Insurance Company	November 10, 2020 ~ November 9, 2025	Lease of the 2F, 3F, 4F, and 5F of Yuantai Plaza	None

(II) Yuanta Futures (HK) Co., Limited

Date of information: January 1, 2022

Contract nature	Participants	Contract start and end dates	Main contents	Restrictive clauses
Purchase Agreement on IT software	ESUNNY INTERNATIONAL (HK) CO., LIMITED	Effective from March 1, 2019-	Esunny International Financial Derivatives Transaction Analysis software system.	None
Leasing agreement on real properties (leasing)	Sunflower Development Limited	November 16, 2019 ~ November 15, 2022	Yuanta Futures (HK) office location: the lease for Room 1304, Admiralty Centre Tower 1, Hong Kong, was formally entered.	None

Six. Financial summary

I. Summary balance sheet and comprehensive income statement for the last 5 years

(I) Summary balance sheet and comprehensive income statement

Summary balance sheet

Unit: NTD thousand

Item \ Year		Consolidated financial information for the latest 5 years (Note 1)				
		2017	2018	2019	2020	2021
Current assets		54,946,730	70,417,004	71,245,136	93,585,956	94,260,758
property, plant, and equipment		576,842	612,943	597,740	618,532	630,948
Intangible assets		36,626	42,832	41,049	42,169	86,979
Other assets		1,909,472	2,219,075	2,399,964	2,695,546	3,001,047
Total assets		57,469,670	73,291,854	74,283,889	96,942,203	97,979,732
Current liabilities	Before dividend distribution	49,932,041	64,988,102	65,326,061	84,831,962	83,923,548
	After dividend distribution	50,396,594	65,638,475	66,125,985	85,643,896	-
Non-current liabilities		70,044	83,202	101,691	251,679	1,706,286
Total liabilities	Before dividend distribution	50,002,085	65,071,304	65,427,752	85,083,641	85,629,834
	After dividend distribution	50,466,638	65,721,677	66,227,676	85,895,575	-
Attributable to owners of the parent company		7,467,585	8,220,550	8,856,137	11,858,562	12,349,898
Share capital		2,322,763	2,322,763	2,322,763	2,899,763	2,899,763
Capital reserve	Before dividend distribution	940,976	940,976	940,976	3,070,484	3,070,484
	After dividend distribution	940,976	940,976	940,976	3,070,484	-
Retained earnings	Before dividend distribution	3,291,906	3,776,318	4,296,129	4,610,872	4,763,738
	After dividend distribution	2,827,353	3,125,945	3,496,205	3,798,938	-
Other equity		911,940	1,180,493	1,296,269	1,277,443	1,615,913
Treasury stock		0	0	0	0	0
non-controlling interests		0	0	0	0	0
Total equity	Before dividend distribution	7,467,585	8,220,550	8,856,137	11,858,562	12,349,898
	After dividend distribution	7,003,032	7,570,177	8,056,213	11,046,628	-

*The Company has prepared individual financial statement; therefore, the below condensed separate balance sheets within five years are provided otherwise.

Note 1: All financial information for the last 5 years has been audited.

Note 2: As of the date this report was printed, the proposal for the distribution of earnings in 2021 has not been passed by the General Meeting of shareholders.

Item \ Year		Separate financial information in the last five years (Note 1)				
		2017	2018	2019	2020	2021
Current assets		53,600,861	68,078,674	68,897,983	91,215,855	90,816,473
property , plant, and equipment		552,173	590,324	581,807	607,595	624,845
Intangible assets		36,042	42,252	40,752	42,137	86,979
Other assets		2,529,993	3,397,526	3,629,123	3,870,962	4,124,658
Total assets		56,719,069	72,108,776	73,149,665	95,736,549	95,652,955
Current liabilities	Before dividend distribution	49,181,440	63,805,024	64,215,319	83,636,571	81,596,771
	After dividend distribution	49,645,993	64,455,397	65,015,243	84,448,505	-
Non-current liabilities		70,044	83,202	78,209	241,416	1,706,286
Total liabilities	Before dividend distribution	49,251,484	63,888,226	64,293,528	83,877,987	83,303,057
	After dividend distribution	49,716,037	64,538,599	65,093,452	84,689,921	-
Attributable to owners of the parent company		7,467,585	8,220,550	8,856,137	11,858,562	12,349,898
Share capital		2,322,763	2,322,763	2,322,763	2,899,763	2,899,763
Capital reserve	Before dividend distribution	940,976	940,976	940,976	3,070,484	3,070,484
	After dividend distribution	940,976	940,976	940,976	3,070,484	-
Retained earnings	Before dividend distribution	3,291,906	3,776,318	4,296,129	4,610,872	4,763,738
	After dividend distribution	2,827,353	3,125,945	3,496,205	3,798,938	-
Other equity		911,940	1,180,493	1,296,269	1,277,443	1,615,913
Treasury stock		0	0	0	0	0
non-controlling interests		0	0	0	0	0
Total equity	Before dividend distribution	7,467,585	8,220,550	8,856,137	11,858,562	12,349,898
	After dividend distribution	7,003,032	7,570,177	8,056,213	11,046,628	-

Note 1: All financial information for the last 5 years has been audited.

Note 2: As of the date this report was printed, the proposal for the distribution of earnings in 2021 has not been passed by the General Meeting of shareholders.

2. Summary comprehensive income statement

Unit: NTD thousand

Item \ Year	Consolidated financial information for the latest 5 years (Note 1)				
	2017	2018	2019	2020	2021
Operating revenues	2,921,001	3,638,296	2,918,325	3,877,625	3,888,691
Operating gross profit	1,397,281	1,602,070	1,335,036	1,759,163	1,817,486
Operating gains and losses	376,368	415,785	143,087	473,241	461,866
Non-operating revenues and expenses	648,732	829,797	1,266,925	852,339	587,094
Earnings before tax	1,025,100	1,245,582	1,410,012	1,325,580	1,048,960
Current net profits from continuing operations	873,286	1,000,045	1,135,799	1,070,099	860,282
gain(loss) from discontinued operations	0	0	0	0	0
Current period net profit (loss)	873,286	1,000,045	1,135,799	1,070,099	860,282
Other comprehensive income for the period (post-tax profit or loss)	-15,875	217,931	150,161	25,742	442,988
Total comprehensive income for the period	857,411	1,217,976	1,285,960	1,095,841	1,303,270
Net income attributable to owners of the parent company	873,286	1,000,045	1,135,799	1,070,099	860,282
Net income attributable to non-controlling interests	0	0	0	0	0
Total comprehensive income attributable to owners of the parent company	857,411	1,217,976	1,285,960	1,095,841	1,303,270
Total comprehensive income attributable to non-controlling interests	0	0	0	0	0
Base earnings per share (Note 2)	3.76	4.31	4.89	4.23	2.97

* The Company has prepared individual financial statement; therefore, the below individual comprehensive statements of income within five years are provided otherwise.

Note 1: All financial information for the last 5 years has been audited.

Note 2: Earnings per share is calculated based on the weighted average number of ordinary shares outstanding. Retrospective calculations are made for any shares issued against capitalized earnings and reserves.

Unit: NTD thousand

Item \ Year	Separate financial information in the last five years (Note 1)				
	2017	2018	2019	2020	2021
Operating revenues	2,887,768	3,431,314	2,738,631	3,721,526	3,782,309
Operating gross profit	1,364,113	1,529,881	1,271,664	1,709,468	1,770,058
Operating gains and losses	424,804	479,078	187,566	525,295	516,415
Non-operating revenues and expenses	600,296	766,504	1,222,446	800,285	532,545
Earnings before tax	1,025,100	1,245,582	1,410,012	1,325,580	1,048,960
Current net profits from continuing operations	873,286	1,000,045	1,135,799	1,070,099	860,282
gain(loss) from discontinued operations	0	0	0	0	0
Current period net profit (loss)	873,286	1,000,045	1,135,799	1,070,099	860,282
Other comprehensive income for the period (post-tax profit or loss)	-15,875	217,931	150,161	25,742	442,988
Total comprehensive income for the period	857,411	1,217,976	1,285,960	1,095,841	1,303,270
Net income attributable to owners of the parent company	873,286	1,000,045	1,135,799	1,070,099	860,282
Net income attributable to non-controlling interests	0	0	0	0	0
Total comprehensive income attributable to owners of the parent company	857,411	1,217,976	1,285,960	1,095,841	1,303,270
Total comprehensive income attributable to non-controlling interests	0	0	0	0	0
Base earnings per share (Note 2)	3.76	4.31	4.89	4.23	2.97

Note 1: All financial information for the last 5 years has been audited.

Note 2: Earnings per share is calculated based on the weighted average number of ordinary shares outstanding. Retrospective calculations are made for any shares issued against capitalized earnings and reserves.

(II) Names of financial statement auditors in the last 5 years, and their audit opinions

Year	Name of auditor	Accountant firm	Audit opinion
2017	Se-Kai Lin, Po-Ju Kuo	PwC Taiwan	Unqualified opinion
2018	Se-Kai Lin, Po-Ju Kuo	PwC Taiwan	Unqualified opinion
2019	Chiao-Sen Lo, Hsiu-Ling Li	PwC Taiwan	Unqualified opinion
2020	Chiao-Sen Lo, Hsiu-Ling Li	PwC Taiwan	Unqualified opinion

2021	Chiao-Sen Lo, Hsiu-Ling Li	PwC Taiwan	Unqualified opinion
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II. Financial analysis for the previous 5 years (historical performance indicators)

(I) Financial analysis

Items of analysis \ Year		(1) Consolidated financial analysis for the latest 5 years (Note 1)				
		2017	2018	2019	2020	2021
Financial structure%	Debt to assets ratio	87.01	88.78	88.08	87.77	87.40
	Ratio of long-term capital to property, plant and equipment	1306.71	1354.73	1498.62	1957.90	2227.79
Solvency%	Current ratio	110.04	108.35	109.06	110.32	112.32
	Quick ratio	110.03	108.34	109.05	110.31	112.30
	Interest coverage ratio	0	0	0	0	0
Profitability	Return on assets (%)	1.40	1.53	1.54	1.25	0.88
	Return on equity (%)	11.92	12.75	13.30	10.33	7.11
	Percentage of net profit before tax to the paid-in capital (%)	44.13	53.63	60.70	45.71	36.17
	Net profit margin (%)	29.90	27.49	38.92	27.60	22.12
	Earnings per share (\$) (Notes 2 and 3)	3.76	4.31	4.89	4.23	2.97
Cash flow (Note 4)	Cash flow ratio (%)	2.45	1.56	1.60	0.44	2.01
	Cash flow adequacy ratio (%)	90.69	95.03	99.82	116.70	122.06
	Cash flow reinvestment ratio (%)	8.53	6.55	4.35	(3.49)	6.18
Special purpose ratios (%)	Ratio of total equity to total adjusted liabilities	1311.43	1113.07	981.51	898.49	503.77
	Ratio of total equity to minimum paid-in capital	704.49	775.52	835.48	1118.73	1165.08
	Adjusted net capital to required margins on futures traders' outstanding position	76.13	46.74	47.89	54.56	64.72

Please describe the reasons for the changes in the financial ratios over the last two years (If the increase or decrease is less than 20%, an analysis is exempted)

1. The decrease in return on assets in the current period was mainly due to the decrease in the net income in the current period.
2. The decrease in return on equity in the current period was mainly due to the decrease in the net income in the current period.
3. The decrease in the ratio of paid-in capital (net profit and loss before tax) in the current period was mainly due to the decrease in non-operating income and expense in the current period.
4. The decrease in earnings per share in the current period was mainly due to the decrease in the net income in the current period.
5. The increase in the cash flow ratio in the current period was mainly due to the increase in the net cash flow from operating activities in the current period.
6. The increase in cash reinvestment ratio in the current period was mainly due to the increase in other noncurrent assets.
7. The decrease in the ratio of total equity to total adjusted liabilities in the current period was mainly due to the increase in other noncurrent assets.

* The Company has prepared individual financial statement; therefore, the below financial ratios analysis is provided otherwise.

Note 1: All financial information for the last 5 years has been audited.

Note 2: Earnings per share is calculated based on the weighted average number of ordinary shares outstanding. Retrospective calculations are made for any shares issued against capitalized earnings and reserves.

Note 3: Calculations for earnings per share must take into account the following:

- ① Use weighted average outstanding ordinary shares instead of year-end outstanding shares.
- ② The weighted average outstanding shares must take into account all cash issues or treasury stock transactions, and the length of time shares were in circulation.
- ③ Where there is any capitalization from earnings or paid-in capital, the calculation of earnings per share annually or semi-annually should be adjusted retroactively and proportionally to the additional capitalization, but with no need to consider the issuing period of the capitalization.

Note 4: The cash flow analysis must take into account the following:

- ① Net cash flow from operating activities is taken from the net cash flow from operating activities presented in the cash flow statement.
- ② Capital expenditure refers to the amount of annual cash outflow for capital investments.
- ③ Dividends from preference shares with liability characteristics, as defined in Statement of Financial Accounting Standards No. 36, were not calculated as cash dividends.
- ④ Gross fixed asset refers to the amount of fixed assets before deducting accumulated depreciation.
- ⑤ The gross amount of property, plant, and equipment is the total amount of property, plant, and equipment before deducting accumulated depreciation.

The formula of the various analyses are defined below:

1. Financial structure

- (1) The ratio of liabilities to assets = $\text{total liabilities} / \text{total assets}$
- (2) Ratio of long-term capital to property, plant and equipment = $(\text{Total equities} + \text{noncurrent liabilities}) / \text{property, plant and equipment}$.

2. Solvency

- (1) Current ratio = $\text{current assets} / \text{current liabilities}$.
- (2) Quick ratio = $(\text{current assets} - \text{inventories} - \text{prepaid expense}) / \text{current liabilities}$
- (3) Interest coverage ratio = $\text{net profit before interest and tax} / \text{interest expenses for the current period}$.

3. Profitability

- (1) Ratio or return on total assets = $\text{after tax net profit} / \text{average total assets}$
- (2) Return on shareholders' equity = $\text{after tax net profit} / \text{total average equity}$.
- (3) Profit ratio = $\text{after tax net profit} / \text{net sales}$
- (4) Earnings per share = $(\text{profits or loss attributable to owners of the parent company} - \text{preferred stock dividend}) / \text{weighted average stock shares issued}$

4. Cash flow

- (1) Cash flow ratio = $\text{net cash flow from operating activities} / \text{current liabilities}$.
- (2) Cash flow adequacy ratio = $\text{net cash flow from operating activities within five years} / (\text{capital expenditure} + \text{inventory increase} + \text{cash dividend}) \text{ within five years}$
- (3) Cash re-investment ratio = $(\text{net cash flow from operating activity} - \text{cash dividend}) / (\text{gross property, plant, and equipment} + \text{long-term investment} + \text{other noncurrent assets} + \text{working capital})$

5. Special purpose ratios:

- (1) The ratio of total equity to total adjusted liabilities = $\text{Shareholders' equity} / (\text{Total liabilities} - \text{futures merchant's equity} - \text{reserve for trading losses} - \text{reserve for default losses})$
- (2) The ratio of total equity to minimum paid-in capital = $\text{Shareholders' equity} / \text{minimum paid-in capital}$.
- (3) Ratio of the adjusted net capital amount to the total customer margin amount for the futures trader's un-offset position = $\text{Adjusted net capital} / \text{Total customer's margin amount for the futures trader's un-offset position}$

Items of analysis \ Year		Individual financial analysis within five years (Note 1)				
		2017	2018	2019	2020	2021
Financial structure%	Debt to assets ratio	86.83	88.60	87.89	87.61	87.09
	Ratio of long-term capital to property, plant and equipment	1365.08	1406.64	1534.18	1965.20	1989.19
Solvency%	Current ratio	108.99	106.70	107.29	109.06	111.30
	Quick ratio	108.97	106.69	107.28	109.06	111.29
	Interest coverage ratio	0	0	0	0	0
Profitability	Return on assets (%)	1.47	1.55	1.56	1.27	0.90
	Return on equity (%)	11.92	12.75	13.30	10.33	7.11
	Percentage of net profit before tax to the paid-in capital (%)	44.13	53.63	60.70	45.71	36.17
	Net profit margin (%)	30.24	29.14	41.47	28.75	22.74
	Earnings per share (\$) (Notes 2 and 3)	3.76	4.31	4.89	4.23	2.97
Cash flow (Note 4)	Cash flow ratio (%)	2.78	1.56	1.58	0.61	2.01
	Cash flow adequacy ratio (%)	95.81	99.38	102.85	123.84	127.10
	Cash flow reinvestment ratio (%)	10.41	6.32	4.00	(2.35)	5.82
Special purpose ratios (%)	Ratio of total equity to total adjusted liabilities	1318.05	1134.71	1040.36	919.74	507.34
	Ratio of total equity to minimum paid-in capital	704.49	775.52	835.48	1118.73	1165.08
	Adjusted net capital to required margins on futures traders' outstanding position	76.13	46.74	47.89	54.56	64.72

Please describe the reasons for the changes in the financial ratios over the last two years (If the increase or decrease is less than 20%, an analysis is exempted)

1. The decrease in return on assets in this period was mainly due to the decrease in net income in the current period.
2. The decrease in return on equity in the current period was mainly due to the decrease in net income in the current period.
3. The ratio of paid-in capital in the current period fell (EBT) mainly because of the decrease of other income in the current period.
4. The decrease in net income ratio was mainly due to the decrease in other gains and losses for the period.
5. The increase in the cash flow ratio in the current period was mainly due to the increase in the net cash inflow from operating activities in the current period.
6. The increase in the cash reinvestment ratio in the current period was mainly due to the increase in the net cash inflow from operating activities in the current period.

Note 1: All financial information for the last 5 years has been audited.

Note 2: Earnings per share is calculated based on the weighted average number of ordinary shares outstanding. Retrospective calculations are made for any shares issued against capitalized earnings and reserves.

Note 3: Calculations for earnings per share must take into account the following:

- ① Use weighted average outstanding ordinary shares instead of year-end outstanding shares.
- ② The weighted average outstanding shares must take into account all cash issues or treasury stock transactions, and the length of time shares were in circulation.
- ③ Where there is any capitalization from earnings or paid-in capital, the calculation of earnings per share annually or semi-annually should be adjusted retroactively and proportionally to the additional capitalization, but with no need to consider the issuing period of the capitalization.

Note 4: The cash flow analysis must take into account the following:

- ① Net cash flow from operating activities is taken from the net cash flow from operating activities presented in the cash flow statement.
- ② Capital expenditure refers to the amount of annual cash outflow for capital investments.
- ③ Dividends from preference shares with liability characteristics, as defined in Statement of Financial Accounting Standards No. 36, were not calculated as cash dividends.
- ④ Gross fixed asset refers to the amount of fixed assets before deducting accumulated depreciation.
- ⑤ The gross amount of property, plant, and equipment is the total amount of property, plant, and equipment before deducting accumulated depreciation.

The formula of the various analyses are defined below:

1. Financial structure

- (1) The ratio of liabilities to assets = total liabilities/total assets
- (2) Ratio of long-term capital to property, plant and equipment = (Total equities + noncurrent liabilities) / property, plant and equipment.

2. Solvency

- (1) Current ratio = current assets / current liabilities.
- (2) Quick ratio = (current assets – inventories – prepaid expense) / current liabilities
- (3) Interest coverage ratio = net profit before interest and tax / interest expenses for the current period.

3. Profitability

- (1) Ratio or return on total assets = after tax net profit/average total assets
- (2) Return on shareholders' equity = after tax net profit/ total average equity.
- (3) Profit ratio = after tax net profit/net sales
- (4) Earnings per share = (profits or loss attributable to owners of the parent company – preferred stock dividend) / weighted average stock shares issued

4. Cash flow

- (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
- (2) Cash flow adequacy ratio = net cash flow from operating activities within five years / (capital expenditure + inventory increase + cash dividend) within five years
- (3) Cash re-investment ratio = (net cash flow from operating activity – cash dividend) / (gross property, plant, and equipment + long-term investment + other noncurrent assets + working capital)

5. Special purpose ratios:

- (1) The ratio of total equity to total adjusted liabilities = Shareholders' equity / (Total liabilities - futures merchant's equity - reserve for trading losses - reserve for default losses)
- (2) The ratio of total equity to minimum paid-in capital = Shareholders' equity / minimum paid-in capital.
- (3) Ratio of the adjusted net capital amount to the total customer margin amount for the futures trader's un-offset position = Adjusted net capital / Total customer's margin amount for the futures trader's un-offset position

III. Audit report on the most recent year financial statements by the audit committee

Yuanta Futures Co., Ltd. Audit Committees' Review Report

For the Company's 2021 consolidated financial statements, financial statements and the 2021 business report and statement of retained earnings presented by the board of directors, in which, the financial statements were audited by CPA Chiao-Sen Lo and CPA Hsiu-Ling Li of PwC Taiwan with an adjusted unqualified opinion stated in the independent auditor's report.

The statements referred to above were audited by the Audit Committee without any nonconformity found and a report was issued with the unanimous agreement of the committee members in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please bring attention to the presentation.

Best regards

The 2022 Annual General Meeting of Yuanta Futures Co., Ltd.

The Audit Committee of Yuanta Futures Co., Ltd.
Convener Yu-Chun Wu

March 10, 2022

- IV. Latest financial statements: refer to attachment of this annual report.**
- V. The Company's consolidated and individual financial statements audited and certified by a certified public accountant in the most recent fiscal year. Please refer to attachment of this annual report.**
- VI. If the company or any of its affiliated companies had, in the recent 2 years up until the publishing of this annual report, experienced financial distress, the impacts to the company's financial status must be disclosed: none.**

Seven. Review of financial status, business performance, and risk management issues

I. Financial status analysis

Unit: NTD thousand

Item \ Year	2021	2020	Difference	
			Amount	Variation (%)
Current assets	94,260,758	93,585,956	674,802	0.72
Property and equipment	630,948	618,532	12,416	2.01
Intangible assets	86,979	42,169	44,810	106.26
Other assets	3,001,047	2,695,546	305,501	11.33
Total assets	97,979,732	96,942,203	1,037,529	1.07
Current liabilities	83,923,548	84,831,962	(908,414)	(1.07)
Non-current liabilities	1,706,286	251,679	1,454,607	577.96
Total liabilities	85,629,834	85,083,641	546,193	0.64
Share capital	2,899,763	2,899,763	-	-
Capital reserve	3,070,484	3,070,484	-	-
Retained earnings	4,763,738	4,610,872	152,866	3.32
Other equity	1,615,913	1,277,443	338,470	26.50
Total shareholders' equity	12,349,898	11,858,562	491,336	4.14

Major changes in assets, liabilities, and shareholders' equity in the last two years (variations more than 20% and amounting to at least NT\$10 million); describe their causes, impacts, and any responsive plans made in the future:

The increase in intangible assets in this period from the year before was mainly due to the increase in the cost of computer software in the current period.

The increase in noncurrent liabilities in the current period from the year before was mainly due to the issuance of corporate bonds in the current period.

The increase in other equity in the current period from the year before was mainly due to the increase in the unrealized profit and loss of financial assets measured at fair value through other comprehensive profit and loss in the current period.

II. Financial Performance Analysis

Unit: NTD thousand

Item \ Year	2021	2020	Increase (decrease)	Variation (%)
Operating revenues	3,888,691	3,877,625	11,066	0.29
Operating gross profit	1,817,486	1,759,163	58,323	3.32
Operating gains and losses	461,866	473,241	(11,375)	(2.40)
Non-operating revenues and expenses	587,094	852,339	(265,245)	(31.12)
Earnings before tax	1,048,960	1,325,580	(276,620)	(20.87)
Income tax expense	188,678	255,481	(66,803)	(26.15)
Current period net profit	860,282	1,070,099	(209,817)	(19.61)
Other comprehensive income (post-tax profit or loss)	442,988	25,742	417,246	1620.88
Total comprehensive income for the period	1,303,270	1,095,841	207,429	(18.93)

(I) Significant variations in the last 2 years (for variations above 20%)

Non-operating revenues and expenses: The income from interest decreased compared to the last period.

Net income before tax: It is mainly due to the decrease in interest income from the year before.

Income tax expenses: It is mainly due to the decrease in net income before tax.

Other comprehensive income (post-tax profit or loss): mainly because of the increase of the unrealized gains from evaluation of the investment in equity instruments at fair value through other comprehensive income statement in the current period as compared with the previous year.

(II) Expected sales and the basis of estimation, the likely impacts on The Company's future financial position, and responsive plans

- (1) The Company will spare no effort in developing several kinds of new business depending on the volatility of the futures business at home and abroad in the future, and provide foreign investors, institutions and individuals the most secure investment environment.
- (2) The Company set its sale objective on the basis of operation performance in the past, and will increase the shares in the futures market and the profitability of the Company depending on the needs in the market.
- (3) Further development of market depending on the outlook of the futures market and operation performance, and prepare for further growth in operation in the future through cautious assessment of capital need.

III. Cash flow analysis

(1) Changes in cash flow for the current year (2021)

Unit: NTD thousand

Opening cash balance (1)	Net cash flow from operating/investing activities for the year (2)	Cash outflow for the year (3)	Cash surplus (deficit) (1) + (2) – (3)	Financing of cash deficits	
				Investment plans	Financing plans
7,189,210	1,688,382	(426,494)	9,304,086	—	—

Cash flow changes for the current year

Item	Increase (decrease) in net cash flow	Description
Operating activities	\$ 1,688,382	Due to brokerage business and proprietary trade strategies.
Investing activities	(191,500)	It is due to the increase in intangible assets and prepayment for equipment.
finance activities	632,258	It is due to the issuance of corporate bonds.
Foreign exchange impact amount	(14,264)	
Total	\$ 2,114,876	

(II) Plans to improve liquidity

1. Financing of expected cash deficits: not applicable.
2. Liquidity analysis for the last 2 years

Unit: NTD thousand

Item	Year			Variation (%)
	2021	2020		
Cash flow ratio (%)	2.01	0.44		356.82
Cash flow adequacy ratio (%)	122.06	116.70		4.59
Cash flow reinvestment ratio (%)	6.18	(3.49)		(277.08)
Explanation to major variations:				
(1) The increase in the cash flow ratio in the current period was mainly due to the increase in the net cash inflow from operating activities in the current period.				
(2) The increase in cash reinvestment ratio was mainly due to the increase in net cash inflow from operating activities in the current period.				

(III) Liquidity analysis for the next year (2022)

Unit: NTD thousand

Opening cash balance	Expected net cash flow from operating activities for the year	Expected cash outflow for the year	Expected cash surplus (deficit) (1) + (2) – (3)	Financing of expected cash deficits	
				Investment plans	Financing plans
9,304,086	1,069,095	128,711	10,244,470	—	—
Responsive measures and liquidity analysis on cash flow deficits: not applicable.					

IV. Material capital expenditures in the latest year and impacts on business performance:

(I) The implementation of major capital expenditures and the sources of funds: None.

(II) Material capital expenditures and impacts on business performance: None.

V. The major causes for profits or losses incurred by investments during the most recent year; rectifications and investment plans for the next year**(I) The Company's investment policy**

The Company's investments were planned and executed according to its internal controls and its "Long and short-term investment policy". As part of its administration over invested businesses, the Financial Accounting Department analyzes investees' financial statements on a regular basis for insights into their individual business operations. The Financial Department is also responsible for administrating The Company's investments. The company has also established "Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises" and "Regulation Governing the investing Activities" to regulate and manage.

(II) The major causes for profits or losses incurred by invested businesses, and any corrective actions

Unit: NTD thousand

Name of investee	Main business activities	Sum of initial investment	Investment gains/loss recognized in the latest year	Main causes of profit or loss	Corrective plans
Yuanta Futures (HK) Co., Limited	Class 1: Securities trade Class II: business dealing in futures contracts Class 4: Consultation in securities Class V:	1,033,971	(38,209)	1. The impact of the pandemic and the tightening of external capital flows from Mainland China resulted in a decline in revenue as a result of the constraints on	1. The brokerage business will be strengthened. Income from brokerage business will be enhanced through new commodity and new market differentiation.

	giving advices on futures contracts Category 9: Asset Management			original client funds and a decline in trading volume. 2. The decline in global interest rates has caused a continuous decline in interest income. Although the dealer's profits have made up for the decrease, it is not enough to fill the financial income gap.	2. Develop new customers with exclusive products and increase the source of business income. 3. Under controllable risks, the dealer's income will be extended to fill the interest gap.
SYF Information Co., Ltd.	IT software and information processing service providers	350,000	5,127	The investment income from non-operating beneficiary certificates was added in 2021 with a profit generated this year.	The investment management will be enhanced to mitigate losses.
SYF Information (Shanghai) Limited (in liquidation)	IT software and information processing service providers	157,209	(356)	Due to the fluctuation of the exchange rate, the company suffered losses.	Initiate the dissolution and liquidation operations.

(III) Investment plan for the coming year: None.

VI. Risk disclosure:

(I) Impacts of interest rates, exchange rates, and inflation to The Company's earnings, and the responsive measures

1. Impacts of exchange rate variations to The Company's profit and loss, and responsive measures in the future

(1) The Company engages in futures services. It derives income mainly from domestic investors, and most of which are denominated in the local currency. For commission revenues denominated in foreign currencies, The Company recognizes them as income at least once a month in accordance with its Customers' Margin Policy. In 2021, changes in the USD exchange rate resulted in a net loss of NT\$4,756 thousand, which represented 0.12% of consolidated revenues and 0.45% of consolidated pre-tax net profit rate. Judging from the above, exchange rate variations had limited impacts on revenues and earnings.

(2) Responses to exchange rate variations in the future: The Company is not in need of making significant payments in foreign currencies, except for placing cash margins or paying USD interests on excess margins received using its foreign currency revenues. As a result, The Company monitors exchange rate movements based on the information provided by its banking partner for the best timing to make exchanges. The timing of currency exchange depends on the exchange rate spread, interest rate spread, capital requirement, and movements in the foreign currency market.

2. Impacts of interest rate variations to The Company's profit and loss, and responsive measures in the future

(1) The Company engages in futures services and generates stable cash streams by offering customers a globalized trading platform, and therefore The Company has no external borrowings. In addition, futures are traded with deposit in advance, and futures traders are required to deposit sufficient margin before trading futures or option contracts, resulting in the Company having to pay interest on the customer margin account. The customer margin account was decreased from \$84,071,446 thousand in 2020 to \$83,476,983 thousand in 2021; net interest income decreased from \$699,414 thousand in 2021 to \$341,186 thousand in 2021, representing a change of \$(358,228) thousand; the change ratio was (51.22%); the change in interest rate affected both income and loss. °

(2) The Company will seek to minimize the impacts of interest rate variations on profit and loss by adopting the optimal financial structure and working closely with banks and various financial institutions to exploit the dynamics of the financial market.

3. Impacts of inflation to The Company's profit and loss, and responsive measures in the future

Inflation triggers changes in interest rates, exchange rates, unemployment rates and other economic uncertainties, and is therefore considered a material factor to the overall economy and financial activities. It is a common consensus around the world that central banks should primarily aim to stabilize commodity prices, because price stability is the only foundation on which an economy is able to achieve balanced and perpetual growth. According to the statistics published by the Directorate-General of Budget, Accounting, and Statistics, Executive Yuan, our consumer price index increased by 0.62%, 1.35%, 0.56%, -0.23% and 1.96% in 2017, 2018, 2019, 2020 and 2021, respectively. Under the effects of rising commodity prices, oil prices, changes in the NTD exchange rate and the import and export price index etc., the wholesale price index increased by 0.90%, 3.63%, -2.26%, -7.80% and 9.42% in 2017, 2018, 2019,

2020 and 2021, respectively.

Inflation induced by commodity prices will trigger producers' needs to hedge against material prices and speculators' desires to exploit price spreads, and thereby contributing trade volumes to the futures market. Being a globalized futures service provider, The Company expects to gain from increased volatility in commodity prices.

(II) Policies on high risk and highly leveraged investments, loans to others, endorsements / guarantees, and the trading of derivative instruments; describe the main causes of profit or loss and responsive measures in the future

The Company specializes in derivatives trading mainly in the form of futures and options. All traded instruments have been approved by the competent authority. Within the available capital authorized by the Board of Directors under risk limits, The Company structures, executes, reviews, and revises trading strategies according to internal policies and prescribed procedures as means for managing its trading gains/losses. Computer programs were incorporated to facilitate automated control within proper areas of responsibilities, so that every trading strategy and authorized personnel bears limited amounts of quantified risk; and it is within this risk tolerance that The Company seeks to maximize its trading profits.

Proprietary trading inevitably involves the risks of losses under unfavorable circumstances. However, a consistent trading strategy will ensure profitability over the long term, and the focus lies in maintaining possible short-term losses within manageable levels for maximum long-term profitability. Therefore in addition to monitoring value at risk on holding positions, The Company needs to implement standard operating procedures and computerized controls to minimize operational risks.

Since its inception, The Company has bested other industry participants in terms of profits and profit stability, because of its competitive advantage in personnel talents, trading strategies, and risk management. The Company will continue to grow these professional abilities to become a large-scale, globalized asset management institution.

Pursuant to the "Rules Governing Futures Commission Merchants", futures commission merchants are not allowed to lend funds or offer endorsements/guarantees to others.

(III) Future research and development plans, and the projected expenses

1. Future R&D

The Company's Research Department continues to refine the research report, improve the readability and diversity of the report, and expand social media channel to provide traders with real-time research information in the form of community posts, video and audio. The Research Department strives to have futures and industrial trends integrated for the service of corporate customers, as well as customized industry and corporate project briefings, provided strategic hedging and forward-looking analysis, etc., so as to have futures services extended to industry and corporate physical economy services.

The Company for the purpose of providing customers with a stable and excellent trading environment completed the core accounting system and hardware equipment upgrade in 2021, as well as enhancing more application services and increasing the system loading capacity. Moreover, the Information Department and the Digital Finance Department had worked together to develop an innovative trading system, optimize the e-trading platform, and provide customers with more convenient and fast ordering functions. Simultaneously and comprehensively enhance the Company's information security and personal information protection mechanism to protect customers' trading rights and interests.

Future research directors of the company IT department:

(1) Domestic Core Accounting Back Office Clearing System and Proprietary Trading System replacement project

For following the “Fast Market Fast Trade” policy and improving the smooth operation in the hot trading day in response to the market volatility at the same time, Yuanta Futures completed the optimization and upgrade of the core accounting system and enhancing more application services so to help provide a stable and excellent trading environment. Following the successful completion of the large brokerage system conversion plan in 2021, Yuanta Futures will continue to complete the clearing and proprietary trading system replacement project this year.

(2) In supporting the TAIEX 2022 Information Project

In cooperation with the information project internal system modification of the Taiwan Futures Exchange, respective front-end trading system and back-end trading system setup and development have been completed to meet the functional item requirement of the new system and achieve better investor trading efficiency and trading information transparency.

(3) The project of the development and installation of the new generation of smart trading platform

Yuanta Futures’ next-generation electronic intelligent trading platform - iTRADER had been successfully launched in October 2021. Project planning in response to the future development of futures business and enhancement of customers’ operational experience will be initiated continuously to help develop and optimize the functions of the platform, and to have the functions of the existing electronic platform planned, integrated, and converged.

(4) Office automation and digitalized system construction

RPA automation process system – Introduce the RPA automation process platform continuously; reduce communication cost and substantially improve efficiency by having the RPA operation process simplified and manual repetitive operations adjusted.

(5) Construction and introduction of digital warehousing paperless electronic signature system

Improve the efficiency of automation process operations of logistic units and reduce the error rate of reports to reinforce and realize digital management. In addition, enhance the security of data storage and the real-time access of data.

(6) Futures and Leverage Mobile Account Opening Optimization Projects

Continue to optimize the overall process of online account opening and reinforce security control, shorten account opening procedures and improve user experience, integrate OCR, LBS, and other automatic identification technologies to improve customer satisfaction.

2. Estimated R&D expenses

An amount of NT\$25,000 thousand that is equivalent to a certain percentage of the annual turnover will be invested in 2022 to pay for the research expenses in order to respond to customer demand, to show the importance of Research Department to the Company, and to satisfy the needs of business department. Including acquisition of IT equipment, employee job rotation and training, purchase and maintenance of database.

(IV) The effect of major changes in policies and legal practices, whether domestic or foreign, to the company’s financial and business performance, and the responsive actions:

For changes in domestic and international important policies and laws, such as, the

Company Act, Securities Exchange Act, Anti-Money Laundering and Countering the Financing of Terrorism Operations, account opening and credit check operations, personal information protection operations, dynamic price stabilization measures, etc., the responsible personnel of the Company and the subsidiaries analyze and evaluate their impact on various businesses in advance with the internal relevant operating strategies and operating procedures adjusted in a timely manner to respond to changes in relevant policies or laws and changes in domestic and international important policies and laws.

(V) The impact of technological changes (including information security risks) and industry changes on the company's financial business and countermeasures

The traditional transactions and service patterns are affected by the emerging Internet technology. Due to the increasing threats to information security, the challenges of information protection are worsening as a result of the changes in cyber threats and risks from technological development and constant changing external attacks. The mission is to enhance staff occupational functions and crisis awareness, and to improve information security management mechanism through regular review and information security management specifications update in order to comply with laws and regulations and the latest information security requirements and standards, and to respond to information security threat attacks, backup drills, education and training, etc. Our planning for information security enhancement is as follows:

1. Import the file directory control system: In order to prevent users from sharing shared directories and establish an effective access control mechanism for important system file directories, the file directory control system is imported. An automated auditing and access control mechanism is established to effectively control users' access authorization and usage records in line with internal control user and authorization management guidelines.
2. Import the data encryption security system for mobile devices: Prevent the risk of sensitive information leakage and theft due to the popularized application of mobile devices. Import the data encryption system to protect sensitive and personal confidential information.
3. Import the source code inspection system: The conduction is in accordance with the securities and futures dealer information security protection standards and the established futures dealer information security check mechanism. It is suggested that through the importation of the source code inspection system, potential safety weaknesses in the App can be found. Additionally, the reasons for occurrences and professional improvement suggestions are provided to prompt App developers to correctly and quickly change App weaknesses, strengthen App protection, and prevent attacks from SQL Injection, Cross-Site Scripting, etc.
4. Import the information security threat event integration and analysis platform: Collect and analyze the track records of various devices. The correlational analysis function provided can focus on viewing single system records, but it is unable to highlight anomalies or threats and use activity track records generated by heterogenous platforms. By setting alarm indicators, coupled with the ability to analyze system data correlations, quick detection and response to new types of attack threats can be achieved.
5. Conduct information security check and risk evaluation: In accordance with the securities and futures dealer information security protection standards and self-discipline standards announced by the Chinese National Futures Association, various information security check operations are executed. They include information security diagnosis and compliance review, which are intended to find weaknesses and information security threats, thereby achieving the purpose of strengthening the

organization's internal information security structure.

(VI) Impacts of changes in corporate image to the company's crisis management, and the responsive measures

From the day it was first incorporated, The Company had been renowned for its professional management, comprehensive services, and proprietary IT technologies. On top of which was a strong proprietary trading team that delivered top-notch performance and profitability in the futures industry. The Company's professional reputation has long been recognized in the market. The company merged with Yuanta Futures on April 1, 2012, and through integrating the resources from Yuanta Financial Holdings and the old Polaris group, we not only endeavor in securing our existing advantages within domestic futures market, but also continue to form strategic cooperation internationally and proactively participate in the China futures market.

(VII) The expected benefits from mergers and acquisitions, the potential risks associated, and the responsive measures

Through merger, the two parties can make the best allocation of their overlapping businesses, personnel, software and hardware to improve competitive advantage, and thereby strengthening business foundations as a whole, achieve economies of scale, and raise worldwide competitiveness.

(VIII) The expected benefits from plant expansion, the potential risks associated, and the responsive measures: none.

(IX) Risks of concentrated purchases or sales, and responsive measures to such risks: not applicable.

(X) The risks and impacts of significant shareholding transfers by directors, supervisors, or major shareholders with more than 10% ownership interest, and the responsive measures to such risks

The company and its subsidiaries are operated by professional managers with thorough authorization and management regulations clearly defining the scope of responsibilities for each level of personnel to realize segregation of duties, as a result when a director or a major shareholder with over 10% holding transfer or exchange shareholdings, the impact to the company is minimal.

(XI) The effects, risks and responsive measures associated with changes in management

The main operational plans of the company are proposed by professional managers after evaluating of the overall industry and market environment, and then executed after approval by the board of directors. The company has also established complete organizational structure with clear distinctions on the responsibilities of each department. And through effective internal control systems, coordination and communications between departments to fully realize operational strategies with operational efficiency and ensuring operating result, so a change in operational right has minimal impact on company operation and risk.

(XII) Litigation and non-contentious cases:

1. For any material litigations, non-litigious or administrative disputes (whether concluded or pending for judgment) in the last 2 years up till the publishing date of this annual report that may produce material impacts to shareholders' equity or securities prices, information regarding the underlying facts, amounts, starting date, parties involved and the current progress must be disclosed:

Facts	Target Amount (NT\$)	Commencement date of litigation	Main parties involved in the litigation	Status up to the publish date of annual report	Remarks
Client Ma claimed that the Company employed a sale person with negative qualification (former employee Hsu). Hsu used exaggerated promotional materials and cheated Ma such that the transaction was conducted by computer program. But the truth is that Hsu conducted futures trade on behalf of Ma, to the extent that damage was caused. As such, Ma instated a civil lawsuit on charge of tort and demanded the Company and former employee Hsu to assume joint and several liabilities.	(First trial) Calculate the interest of NT\$290,230 and US\$196,124.5 at 5% per annum. (Additional claim added in the second instance) USD 36,651.	12 March 2012	Defendant: The Company (previously known as MF Global Futures) and former employee, Hsu, were co-defendants; Complainant Client Ma	<ol style="list-style-type: none"> 1. Taiwan Taipei District Court ruled to dismiss the lawsuit that was filed by the plaintiff. The Company had won the lawsuit. 2. The customer objected to the ruling with an appeal filed. Taiwan High Court had a ruling delivered in March 2016 after the trial and it was ruled in favor of the Company. 3. The customer disagreed with the third instance of the appeal, and the Supreme Court ordered the Taiwan High Court to retrial the case. 4. The verdict of the Modified 1st Trial from High Court of Taiwan on November 22, 2019 that former employee Hsu and the Company shall assume joint and several liabilities constituting 30% of the loss to the client. The Company won in part and lost in part simultaneously. The Company filed an appeal on the losing part of the ruling. 5. The case was remanded to the High Court for retrial by the Supreme Court. 	The case has no significant impacts to The Company's operation or shareholders' equity.
(Former) Employee Hong	(First trial) Requested a	June 6, 2015	Defendant:	1. In January, 2016, Taiwan Taipei District	The case has no

<p>applied for retirement and claimed that the notice of the discontinued company, Polaris Securities, had caused the loss of salary, bonus, and special retention to him; therefore, a civil suit was filed.</p>	<p>salary and bonus for an amount of NT\$19,080 and special retention amount of NT\$6,197,520 and statutory interest. (Second trial)</p> <p>(1) The Company appealed for an amount of NT\$813,730 and statutory interest.</p> <p>(2) Hong appealed for an amount of NT\$5,402,900, then reduced to NT\$4,775,246 and statutory interest. (Modified First trial)</p> <p>Further to the part under the original ruling, Hung claimed the sum of NT\$4,772,290 and mandatory interest from the Company.</p>		<p>The Company.</p> <p>Complainant Former employee Hung</p>	<p>Court ruled recently that the Company should pay NT\$813,730 to Hong and the interest at 5% per annum for the period from June 16, 2015 to the liquidation date.</p> <p>2. Both the Company and Hong had appealed to Taiwan High Court.</p> <p>3. A ruling was delivered by Taiwan High Court in December 2016 with the original judgment regarding the Company's paying principal and interest for an amount of NT\$2664 and the Company's bearing the litigation expense revoked. Regarding the aforementioned revocation, the plea of Hong in the first trial was dismissed. Hong's appeal and the Company's appeals were both dismissed. The Company had paid NT\$2,664 for the principal and interest according to the ruling delivered by the court; therefore, an appeal to the Supreme Court was prohibited.</p> <p>4. Client Hung disagreed with the ruling and appealed for a 3rd trial. The ruling of overruling the appeal of Hung and the request for payment of NT\$797,606 in principal and interest being annulled was returned to the High</p>	<p>significant impacts to The Company's operation or shareholders' equity.</p>
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				<p>Court of Taiwan in the ruling of March 2019. Other appeals were overruled. (the original ruling of the 2nd trial to effect payment of NT\$2,664 as salaries and bonus is final).</p> <p>5. In the Taiwan High Court's first instance verdict on December 2020, the original verdict was discarded (except the principal and interest of finalized salaries and bonuses paid in the amount of NT\$2,664); regarding the principal and interest in the amount of NT\$797,606 the company was ordered to pay, Hung's first instance lawsuit regarding the above discarded part was dismissed.</p> <p>6. The customer disagreed with the third instance of the appeal, and the Supreme Court ordered the Taiwan High Court to retrial the case.</p>	
Customer Li and order representative Kuo's futures accounts incurred losses reaching NT\$42,435,140 (negative value) on February 6, 2018. The company declared a breach of contract on file, and the said amount was not paid. A civil lawsuit was therefore filed.	1 st instance: NT\$42,435,140	July 13, 2018	<p>Complainant The Company.</p> <p>Defendant: Li and Kuo.</p>	<p>1. False seizure ruling and enforcement on file.</p> <p>2. The Taiwan Ciaotou District Court ruled that the company won all the cases in the first instance on July 31, 2020.</p> <p>3. The defendant appealed. The second instance is currently pending at the Taiwan High Court Kaohsiung Branch Court.</p>	The case has no significant impacts to The Company's operation or shareholders' equity.

Customer Tseng's foreign futures account shows traded mini crude oil commodity incurred excessive losses on April 20, 2020 (Taiwan time: April 21, 2020). Yuanta Futures declared a breach of contract. The losses were not paid, so a civil lawsuit was filed.	1 st instance: NT\$15,619,670	July 13, 2020	Plaintiff: Yuanta Futures Co., Ltd. Defendant: Customer Tseng	1. A ruling was rendered by Taiwan Tainan District Court on January 11, 2022 to order the defendant to pay the plaintiff for an amount of NT\$7,809,835 and interest incurred at 10% per annum from May 5, 2020 to the repayment date. 2. The Company and Mr. Tseng both appealed to the court for the second instance and the case is currently in the trial of the 2 nd instance by Taiwan High Court, Tainan Court.	The case has no significant impacts to The Company's operation or shareholders' equity.
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2. Material litigations, non-litigious or administrative disputes (whether concluded or pending for judgment) involving the The Company or its Directors, President, representative, major shareholders with more than 10% shareholding, or affiliates in the last year up till the publishing date of this annual report, which may significantly affect shareholders' equity or securities prices: none.

(XIII) Other significant risks and responsive measures:

The Company's risk management structure:

The risk management organization of the company includes the board of directors, audit committee, senior managements, audit department, risk management department, legal compliance department, and all business units to collective form three layers in risk management.

1. First Layer: Each business unit is the department for the daily operation and management, and is the unit and personnel for risk identification, self-evaluation and execution and implementation of controls.
2. Second layer: the senior managements, Risk Management, and Compliance are responsible for monitoring and managing risks based on The Company's risk appetite, and implementing responsive measures.
3. Third layer: the Board of Directors, Audit Committee, and Auditing Department are the third line of defense for Risk Management. The Auditing Department adopts a risk-oriented auditing approach. The Board of Directors and the Audit Committee, in addition to setting annual risk tolerance, have the risk of the overall business and management assessed comprehensively to ensure that the risks of the Company are within the effective control.

VII. Other important matters: The Company did not adopt the hedge accounting principle.

Eight. Special remarks

I. Affiliated companies

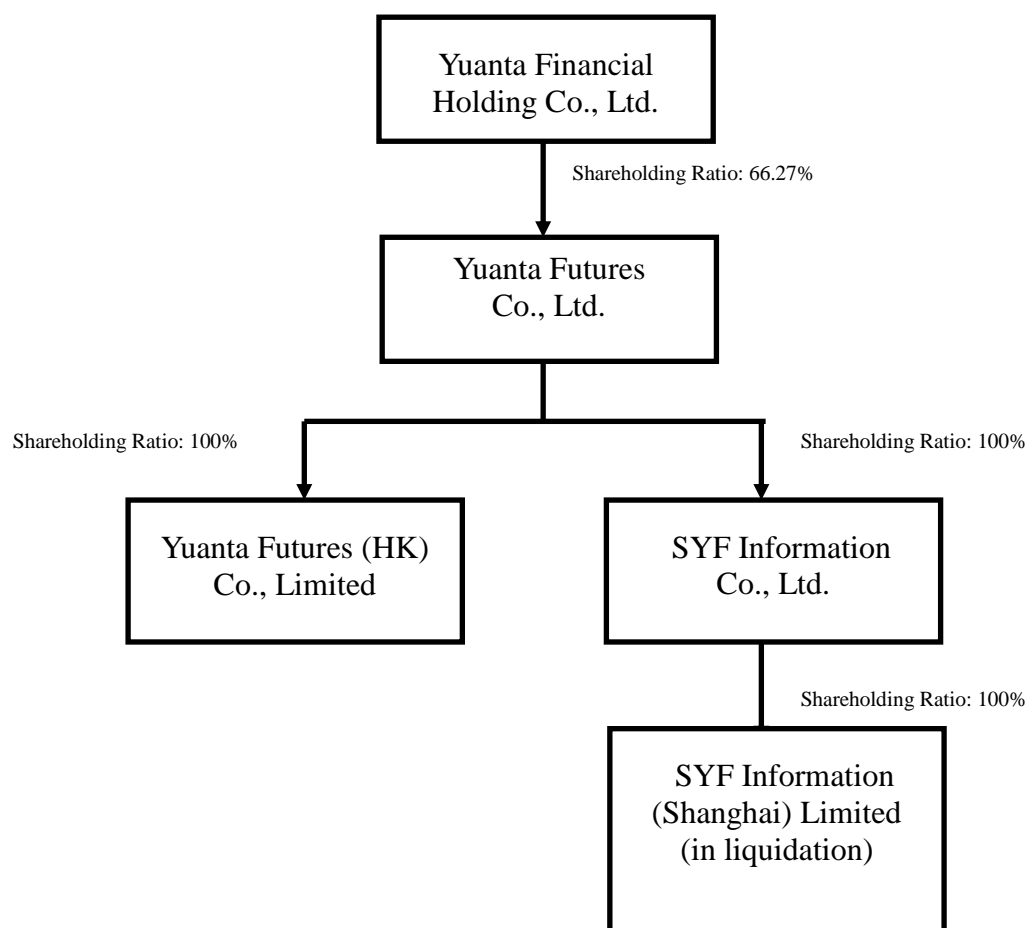
Please see pages 228~234 of this annual report

- II. Private placement of securities during the latest year up till the publication date of this annual report: none.**
- III. Holding or disposal of the company's shares by its subsidiaries during the latest financial year, up to the publication date of this annual report: None.**
- IV. Other necessary information:** The items undertaken by the company at the time of going OTC has always been declared to the GRSM quarterly as required, and there is no uncompleted undertakings for OTC yet.
- V. Occurrences of events defined under Article 36-2-2 of the Securities and Exchange Act in the latest year up till the publishing date of this annual report that significantly impacted shareholders' equity or security prices: none.**

(I) **Affiliates consolidated business report**

1. Organization Chart of Affiliates and equity structure

Reinvestment organization chart and related enterprises of Yuanta Futures



2. Basic information of affiliated enterprises

In NTD thousand, USD thousand, RMB thousand

Date of information: January 1, 2022

Name of enterprise	Date of foundation	Address	Paid-up Capital	Main business activities or products
Yuanta Futures (HK) Co., Limited	2010.12.02	Unit 1304,13th/F, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong	US\$ 34,000	Class 1: Securities trade Class II: business dealing in futures contracts Class IV: Consultation in securities Class V: giving advices on futures contracts Class IX: Asset Management
SYF Information Co., Ltd.	2012.11.09	2F., No. 895, Sec. 4, Bade Rd., Nangang Dist., Taipei City	NT\$350,000	Information management, information software services, information software wholesale and retail
SYF Information (Shanghai) Limited (in liquidation)	2013.04.02	Room A113, 1F, Building #4, No. 88 North Zhangjiabin Road, Budong New District, Shanghai.	CNY\$33,080	Calculator software, e-commerce software, and banking software research and development, production, sale of proprietary products, and the relevant technical advisory services; investment consultation; metal materials (except for precious metals, rare metals, and steels) and its products, chemical raw materials (except for special chemicals and hazardous chemicals) and its products, plastics and its products, rubber products, mineral products (except for the controlled items), asphalt wholesale, agency commission (except for auction), and import and export (The quota and chartered merchandises other than those traded by the states should be applied for in accordance with the relevant regulations. The items subject to the approval of the law should not be promoted commercially without the approval of the relevant department.)

3. Information on directors, supervisors, and general managers of affiliated enterprises

Date of information: January 1, 2022

Name of enterprise	Title	Name or the representative person	Shares held		Remarks Personal shareholding of the representative person	
			Shares (Thousand Shares)	Shareholding percentage	Shares (Thousand Shares)	Shareholding percentage
Yuanta Futures (HK) Co., Limited	Director Director Director President COO	Chun-Chieh Wang Chun-Hsing Jen Chun-Hao Chang Chun-Hsing Jen Fu-Chi Hsieh	34,000 (Note 1)	100% (Note 1)	-	-
SYF Information Co., Ltd.	Chairman Director Director Supervisor:	Yuanta Futures Co., Ltd. Representative: Chun-Chieh Wang Hsiao-Ling Chou Hsin-Hsien Li Chien-Wan Lai	35,000	100%	-	-
SYF Information (Shanghai) Limited (in liquidation)	Chairman Director Director Supervisors	SYF Information Co., Ltd. Representative: Chun-Hsing Jen Hsiao-Ling Chou Chun-Chieh Wang Ching-Ying Chen	- (Note 2)	100%	-	-

Note 1: All shares of that company are solely held by its sole shareholder, i.e., Yuanta Futures Co., Ltd.

Note 2: The company is organized as a limited company; therefore, it is with stock rights but not stock shares.

4. Business Performance of Affiliated Enterprises

Unit: NTD thousand

Date of information: December 31, 2021

Name of enterprise	Share capital	Total assets	Total liabilities	Net value	Operating revenues	Operating profit	Current period profit (after tax)	Earnings per share (\$) (After tax)
Yuanta Futures (HK) Co., Limited	943,081	3,882,613	3,027,359	855,254	115,261	(52,374)	(38,209)	(1.12)
SYF Information Co., Ltd.	350,000	287,302	775	286,527	-	(1,529)	5,127	0.15
SYF Information (Shanghai) Limited (in liquidation)	143,763	113,698	-	113,698	-	(858)	(356)	-

(II) The affiliate's consolidated financial statements: Please refer to attachment of this annual report.

(III) Affiliation Report

1. Relationship between the controlling and the controlled company

Unit: shares; %

The Name of Controlling Company	Means of Control	Shares Held and Pledged by the Controlling Company			Directors, Supervisors or Managers Appointed by the Controlling Company	
		Number of shares held	Shareholder Percentage	Shares Pledged	Title	Name
Yuanta Financial Holding Co., Ltd.	Exercises significant influence	192,167,005	66.27	-	Chairman	Tien-Fu Lin
					Vice Chairman	Hsiao-Ling Chou
					Director	Kuo-Tsun Hsu
					Director	Yueh-Tsang Li
					Director	Hsien-Tao Chiu
					Director	Mei-Ling Kuo

Note: The cut-off date for the above information was scheduled on December 31, 2021. As of December 31, 2021 the Company had 289,976,288 shares in circulation.

2. Transactions with the above parties:

- (1) Trading of purchase and sale: none.
- (2) Trading of property: none.
- (3) Financing: none.
- (4) Asset lease: none.
- (5) Disclosure of major transactions:

As of December 31, 2021, the Company shared the expenses incurred from other business and management of Yuanta Financial Holding. Other related payables amounted to NT\$724 thousand.

3. Guarantees and endorsements: none.

4. Disclosure of other financial or business items with material impact: none.

Declaration

The Company's 2021 Affiliation Report (for the period from January 1 to December 31, 2021) has been prepared in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises". No material discrepancies were found between the information disclosed in the above report and the notes to financial statements for the corresponding period.

Declared by:

Company name: Yuanta Futures Co., Ltd.

Chairman: Tien-Fu Lin

March 10, 2022

Auditor's opinion on relationship report

(111) zi-kuai-zhong-21017113

Recipient: Yuanta Futures Co., Ltd.

The Company hereby declares that the 2021 Relationship Report was prepared in accordance with the “Regulations Governing the Preparation of Affiliate’s Consolidated Business Reports, Affiliate’s Consolidated Financial Reports, and Relationship Reports;” also, the information disclosed in the 2021 Business Report was not significantly different from the information disclosed in the Notes to the financial reports referred to above.

We have compared the business report that was prepared in accordance with the “Regulations Governing the Preparation of Affiliate’s Consolidated Business Reports, Affiliate’s Consolidated Financial Reports, and Relationship Reports” and the information disclosed in the Notes to the 2021 financial reports without any significant nonconformity found.

PwC Taiwan

Chiao-Sen Lo

CPA

Hsiu-Ling Li

To Financial Supervisory Commission

Approval Document No.: Jin-Guan-Zheng-Shen-Zi No.
1070323061

Former Securities and Futures Bureau, Financial Supervisory
Commission, Executive Yuan

Approval Document No.: Jin-Guan-Zheng-6-Zi No.
0960038033

March 10, 2022

Attachment

**YUANTA FUTURES CO., LTD. AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2021 AND 2020**

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

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR 21000323

To the Board of Directors and Stockholders of Yuanta Futures Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Yuanta Futures Co., Ltd. and its subsidiaries (the "Group") as at December 31, 2021 and 2020, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, Regulation Governing the Preparation of Financial Reports by Securities Firms and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountants in 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 judgement, were of most significance in our audit of the consolidated financial statements for the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements of the current period are stated as follows:

Fair value measurement of valuation of the unlisted stocks

Description

For the accounting policy of the unlisted stocks (accounted under financial assets at fair value through other comprehensive income), please refer to Note 4(8); for critical accounting estimates and assumption uncertainty of the fair value of unlisted stocks, please refer to Note 5(2); for the details on unlisted stocks, please refer to Note 6(5). The carrying amount of the financial assets at fair value through other comprehensive income – unlisted stocks as at December 31, 2021 was NTD 1,806,258 thousand.

Because there are no active market quoted prices for financial assets at fair value through other comprehensive income – unlisted stocks held by Yuanta Futures Co., Ltd., the management uses valuation techniques to estimate the fair value. The valuation techniques used by Yuanta Futures Co., Ltd. are primarily the market method. The market method involves certain assumptions and significant inputs that are not based on observable market data, including the selected valuation methods, the determination of similar and comparable companies, price to earnings ratio and discount of marketability, etc. The models and parameters used in valuation techniques are based on management's professional judgments and estimates, and such accounting judgments and estimates are highly uncertain. Thus, we have included the fair value valuation of unlisted stocks as a key audit matter in our audit for the year ended December 31, 2021.

How our audit addressed the key audit matter

In response to specific aspects of the above-mentioned key audit matter, we made use of experts to assist the evaluation of the reasonableness of valuation information used by the management, and conducted the following procedures:

1. Obtained an understanding and evaluated the policy and valuation process relevant to the fair value measurement of the unlisted stocks.
2. Evaluated whether the valuation methods used by the management were commonly used.
3. Evaluated the reasonableness of the selection of comparable companies by the management.
4. Sample tested the price to earnings ratio and the inputs of discount of marketability used in the valuation methods, and reviewed relevant information and supporting evidence.

Other matter – Parent company only financial reports

We have audited and expressed an unmodified opinion on the parent company only financial statements of Yuanta Futures Co., Ltd. as at and for the years ended December 31, 2021 and 2020.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, Regulation Governing the Preparation of Financial Reports by Securities Firms and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations' as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the ability of the Group 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 audit committee, 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the generally accepted auditing standards 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 generally accepted auditing standards in the Republic of China, we exercise professional judgement 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 auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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 appropriate audit evidence regarding the financial information of the 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 of the Group that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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.

Lo, Chiao-Sen

Lee, Hsiu-Ling

For and on behalf of PricewaterhouseCoopers, Taiwan

March 10, 2022

Lo, Chiao-Sen

Lee, Hsiu-Ling

For and on Behalf of PricewaterhouseCoopers, Taiwan

April 13, 2022

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

YUANTA FUTURES CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

ASSETS		Notes	December 31, 2021		December 31, 2020	
			AMOUNT	%	AMOUNT	%
Current assets						
111100	Cash and cash equivalents	6(1) and 7	\$ 9,304,086	10	\$ 7,189,210	8
112000	Financial assets at fair value through profit or loss - current	6(2), 7 and 11	286,529	-	935,945	1
113200	Financial assets at fair value through other comprehensive income - current	6(5)	806,830	1	655,432	1
114070	Margin deposits	6(3) and 7	83,476,983	85	84,071,446	87
114100	Security lending deposits		-	-	169,187	-
114130	Accounts receivable		4,057	-	199,609	-
114140	Accounts receivable - related parties	7	2,002	-	3,569	-
114150	Prepayments	7	13,776	-	9,919	-
114170	Other receivables		14,824	-	20,324	-
114180	Other receivables - related parties	7	4,266	-	6,711	-
114300	Leverage margin contract trading client margin deposits	7	347,405	-	294,448	-
114600	Current income tax assets		-	-	341	-
119000	Other current assets		-	-	29,815	-
110000	Subtotal current assets		94,260,758	96	93,585,956	97
Non-current assets						
123200	Financial assets at fair value through other comprehensive income - non-current	6(5)	1,932,733	2	1,618,523	2
125000	Property and equipment	6(8)	630,948	1	618,532	1
125800	Right-of-use assets	6(9)	156,634	-	213,221	-
127000	Intangible assets	6(10)	86,979	-	42,169	-
128000	Deferred income tax assets	6(30)	31,686	-	43,647	-
129010	Operating guarantee deposits	6(6) and 7	145,326	-	145,516	-
129020	Clearing and settlement funds	6(7)	544,465	1	548,092	-
129030	Refundable deposits	7	39,598	-	44,148	-
129130	Prepayment for equipment		139,189	-	73,982	-
129990	Other non-current assets - other		11,416	-	8,417	-
120000	Subtotal non-current assets		3,718,974	4	3,356,247	3
906001	Total assets		\$ 97,979,732	100	\$ 96,942,203	100

(Continued)

YUANTA FUTURES CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

LIABILITIES AND EQUITY		Notes	December 31, 2021		December 31, 2020	
			AMOUNT	%	AMOUNT	%
Current liabilities						
212000	Financial liabilities at fair value	6(2) and 11				
	through profit or loss - current		\$ 926	-	\$ 220,993	-
214080	Futures traders' equity	6(3) and 7	83,178,336	85	83,763,813	87
214100	Leverage margin contract transaction					
	traders' equity		282,808	-	243,573	-
214130	Accounts payable		136,856	-	157,911	-
214140	Accounts payable - related parties	7	19,749	-	23,586	-
214160	Collection for third parties		9,098	-	9,614	-
214170	Other payables		192,019	-	247,707	1
214180	Other payables - related parties	7	1,842	-	225	-
214600	Current income tax liabilities		18,479	-	93,913	-
216000	Lease liabilities - current	7	52,260	-	50,089	-
219000	Other current liabilities	6(11)	31,175	-	20,538	-
210000	Subtotal current liabilities		83,923,548	85	84,831,962	88
Non-current liabilities						
221100	Bonds payable	6(12)	1,497,401	2	-	-
226000	Lease liabilities - non-current	7	118,224	-	169,772	-
228000	Deferred income tax liabilities	6(30)	11,191	-	-	-
229000	Other non-current liabilities		79,470	-	81,907	-
220000	Subtotal non-current liabilities		1,706,286	2	251,679	-
906003	Total liabilities		85,629,834	87	85,083,641	88
Equity attributable to owners of the parent company						
Capital						
301010	Common stock	6(15)	2,899,763	3	2,899,763	3
Additional paid-in capital						
302000	Capital surplus	6(16)	3,070,484	3	3,070,484	3
Retained earnings						
304010	Legal reserve	6(18)	1,132,477	1	1,021,010	1
304020	Special reserve	6(17)(18)	2,508,054	3	2,294,034	2
304040	Undistributed earnings	6(18)	1,123,207	1	1,295,828	1
Other equity						
305000	Other equity interest	6(19)	1,615,913	2	1,277,443	2
906004	Total equity		12,349,898	13	11,858,562	12
906002	Total liabilities and equity		\$ 97,979,732	100	\$ 96,942,203	100

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

YUANTA FUTURES CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

			Year ended December 31			
			2021		2020	
Items		Notes	AMOUNT	%	AMOUNT	%
Revenues						
401000	Brokerage	6(20) and 7	\$ 3,658,844	94	\$ 3,636,279	94
410000	Gains on trading of securities	6(2)(21)	119,534	3	35,220	1
421300	Dividend income	6(2) and 7	7,518	-	2,087	-
421500	(Losses) gains on valuation of trading securities	6(2)	(2,576)	-	1,897	-
421600	Losses on covering of borrowed securities and bonds with resale agreements-short sales	6(2)	(49,017)	(1)	(3,862)	-
421610	Valuation gains (losses) on borrowed securities and bonds with resale agreements-short sales at fair value through profit or loss	6(2)	35,719	1	(19,447)	(1)
424200	Securities commission revenue	7	19,880	1	7,972	-
424300	Clearance fee from consignment	6(22) and 7	65,185	2	73,190	2
424400	Net gains on derivative financial instruments	6(2)(23)	14,280	-	142,039	4
424900	Futures advisory revenues	7	16,142	-	13,487	-
428000	Other operating revenues	7	3,182	-	(11,237)	-
400000	Total revenues		3,888,691	100	3,877,625	100
Costs and expenses						
501000	Brokerage fee	6(24)	(776,978)	(20)	(745,408)	(19)
502000	Dealer handling fee	6(24)	(3,586)	-	(6,368)	-
521200	Interest expense	7	(9,165)	-	(20,951)	(1)
425300	Expected credit impairment losses and reversal gains		3,755	-	(34,492)	(1)
524100	Futures commission	6(25) and 7	(708,571)	(18)	(745,895)	(19)
524300	Clearance fee	6(26)	(573,923)	(15)	(561,880)	(14)
528000	Other operating fee		(2,737)	-	(3,468)	-
531000	Employee benefit expense	6(28)	(731,459)	(19)	(718,088)	(19)
532000	Depreciation and amortization	6(27)	(143,441)	(4)	(115,205)	(3)
533000	Other operating expenses	6(27) and 7	(480,720)	(11)	(452,629)	(12)
500000	Total costs and expenses		(3,426,825)	(87)	(3,404,384)	(88)
Operating income			461,866	13	473,241	12
602000	Other gains and losses	6(2)(29) and 7	587,094	15	852,339	22
902001	Income before income tax		1,048,960	28	1,325,580	34
701000	Income tax expense	6(30)	(188,678)	(5)	(255,481)	(7)
902005	Net income		\$ 860,282	23	\$ 1,070,099	27

(Continued)

YUANTA FUTURES CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

			Year ended December 31			
			2021		2020	
Items	Notes		AMOUNT	%	AMOUNT	%
Other comprehensive income						
Items that will not be reclassified to profit or loss						
805510	Remeasurement of defined benefit obligations	6(13)	\$ 5,163	-	(\$ 13,558)	-
805540	Unrealized gain on equity instrument investment measured at fair value through other comprehensive income	6(5)(19)	471,095	12	80,198	2
805599	Income tax related to components of items not to be reclassified	6(30)	(1,032)	-	2,712	-
Items that may be reclassified to profit or loss subsequently						
805610	Translation gain and loss on the financial statements of foreign operating entities	6(19)	(32,238)	(1)	(43,610)	(1)
805000	Total other comprehensive income (net of tax)		\$ 442,988	11	\$ 25,742	1
902006	Total comprehensive income		\$ 1,303,270	34	\$ 1,095,841	28
Consolidated net income attributable to:						
	Owners of the parent		\$ 860,282	23	\$ 1,070,099	27
Consolidated comprehensive income attributable to:						
	Owners of the parent		\$ 1,303,270	34	\$ 1,095,841	28
Earnings per share (in New Taiwan Dollars)						
	Basic and diluted earnings per share	6(31)	\$ 2.97		\$ 4.23	

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

YUANTA FUTURES CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent								
		Capital Surplus		Retained earnings			Other equity interest			
			Paid-in capital in excess of par value	Paid-in capital from business merger			Undistributed earnings	Translation gain and loss on the financial statements of foreign operating entities	Unrealized gain and loss on equity instrument investment measured at fair value through other comprehensive income	
	Notes	Common stock			Legal reserve	Special reserve				Total equity
For the year ended December 31, 2020										
		\$ 2,322,763	\$ 894,643	\$ 46,333	\$ 907,430	\$ 2,074,901	\$ 1,313,798	(\$ 21,375)	\$ 1,317,644	\$ 8,856,137
		-	-	-	-	-	1,070,099	-	-	1,070,099
	6(5)(19)	-	-	-	-	-	(10,846)	(43,610)	80,198	25,742
		-	-	-	-	-	1,059,253	(43,610)	80,198	1,095,841
Appropriations of 2019 earnings:										
		-	-	-	113,580	-	(113,580)	-	-	-
		-	-	-	-	219,133	(219,133)	-	-	-
		-	-	-	-	-	(799,924)	-	-	(799,924)
		577,000	2,085,472	-	-	-	-	-	-	2,662,472
	6(14)	-	44,036	-	-	-	-	-	-	44,036
	6(5)(19)	-	-	-	-	-	55,414	-	(55,414)	-
		\$ 2,899,763	\$ 3,024,151	\$ 46,333	\$ 1,021,010	\$ 2,294,034	\$ 1,295,828	(\$ 64,985)	\$ 1,342,428	\$ 11,858,562
For the year ended December 31, 2021										
		\$ 2,899,763	\$ 3,024,151	\$ 46,333	\$ 1,021,010	\$ 2,294,034	\$ 1,295,828	(\$ 64,985)	\$ 1,342,428	\$ 11,858,562
		-	-	-	-	-	860,282	-	-	860,282
	6(5)(19)	-	-	-	-	-	4,131	(32,238)	471,095	442,988
		-	-	-	-	-	864,413	(32,238)	471,095	1,303,270
Appropriations of 2020 earnings:										
		-	-	-	111,467	-	(111,467)	-	-	-
		-	-	-	-	214,020	(214,020)	-	-	-
		-	-	-	-	-	(811,934)	-	-	(811,934)
	6(5)(19)	-	-	-	-	-	100,387	-	(100,387)	-
		\$ 2,899,763	\$ 3,024,151	\$ 46,333	\$ 1,132,477	\$ 2,508,054	\$ 1,123,207	(\$ 97,223)	\$ 1,713,136	\$ 12,349,898

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

YUANTA FUTURES CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in thousands of New Taiwan dollars)

		For the years ended December 31	
	Notes	2021	2020
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 1,048,960	\$ 1,325,580
Adjustments			
Income and expenses having no effect on cash flows			
Depreciation	6(8)(9)(27)	131,246	102,845
Amortization	6(10)(27)	12,195	12,360
Interest income	6(29)	(350,351)	(720,365)
Interest expense		9,165	20,951
Dividend income	6(29)	(160,228)	(90,851)
Expected credit impairment losses and reversal gains		(3,755)	34,492
(Gains) losses on disposal of property and equipment	6(8)	(271)	259
Share-based payments	6(14)	-	44,036
Gains on lease modification	6(9)	(502)	-
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss - current		649,836	(617,059)
Margin deposits		513,156	(19,452,418)
Futures trading margin receivable		3,755	(34,492)
Security lending deposits		169,187	(123,343)
Accounts receivable		195,552	(143,614)
Accounts receivable - related parties		1,567	(1,192)
Prepayments	(	4,026)	(2,759)
Other receivables	(	2,428)	976
Other receivables - related parties		42	(260)
Leverage margin contract trading client margin deposits	(	52,957)	(36,198)
Other current assets		29,237	(30,901)
Other non-current assets - other	(	2,999)	(6,331)
Changes in operating liabilities			
Financial liabilities at fair value through profit or loss - current	(	220,061)	148,913
Futures traders' equity	(	521,349)	19,303,279
Leverage margin contract transaction traders' equity		39,235	18,388
Accounts payable	(	21,055)	53,297
Accounts payable - related parties	(	3,837)	9,081
Collection for third parties	(	516)	3,292
Other payables	(	56,650)	(107)
Other payables-related parties		1,652	(969)
Other current liabilities		10,655	4,884
Other non-current liabilities		2,727	(1,457)
Cash inflow (outflow) generated from operations		1,417,182	(179,683)
Interest received		359,805	736,743
Interest paid	(	7,951)	(25,192)
Dividends received		160,998	90,350
Income tax paid	(	241,652)	(249,893)
Net cash flows from operating activities		1,688,382	372,325
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through other comprehensive income	(	1,141,643)	(1,120,976)
Proceeds from disposal of financial assets at fair value through other comprehensive income		1,147,130	1,027,205
Acquisition of property and equipment	6(8)	(52,703)	(37,161)
Proceeds from disposal of property and equipment	6(8) and 7	405	210
Increase in intangible assets	6(10)	(52,565)	(2,447)
Decrease (increase) in clearing and settlement funds		3,627	(12,406)
Decrease (increase) in refundable deposits		4,423	(5,850)
Increase in prepayment for equipment	(	100,174)	(63,728)
Net cash flows used in investing activities	(	191,500)	(215,153)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Principal payment for lease liabilities	(	53,158)	(35,312)

(Continued)

YUANTA FUTURES CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31	
		2021	2020
Proceeds from issuing of bonds	6(12)	\$ 1,497,350	\$ -
Payment of cash dividends	6(18)	(811,934)	(799,924)
Proceeds from issuance of shares	6(15)	-	2,662,472
Net cash flows from financing activities		632,258	1,827,236
Effect of change in foreign exchange rates		(14,264)	(20,143)
Net increase in cash and cash equivalents		2,114,876	1,964,265
Cash and cash equivalents at beginning of year		7,189,210	5,224,945
Cash and cash equivalents at end of year		\$ 9,304,086	\$ 7,189,210

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

YUANTA FUTURES CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

(Expressed in thousands of New Taiwan dollars, Unless Otherwise Indicated)

1. HISTORY AND ORGANIZATION

Yuanta Futures Co., Ltd.'s (the "Company") and its subsidiaries' (collectively referred herein as the "Group") profile is described below:

- (1) The Company was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China (R.O.C.) and started its operations on April 9, 1997. The Company merged with "Refco Taiwan Co., Ltd." on September 1, 2003 and was renamed as "Polaris Refco Futures Co., Ltd.". As of 2005, on account of changes in foreign shareholders, an extraordinary shareholders' meeting was held on February 15, 2006, and resolved to change its name to "Polaris MF Futures Co., Ltd." as approved by the Ministry of Economic Affairs.

On October 6, 2011, the Board of Directors of Polaris MF Futures Co., Ltd. decided to merge with Yuanta Futures Co., Ltd. In relation to the share conversion with Yuanta Futures Co., Ltd. in accordance with Gin-Gwen-Zheng-Qi Letter No. 1000052507, the Company can exchange its common shares using a ratio of 1.01 share to 1 share of Yuanta Futures common share. Both parties agreed to set April 1, 2012 as the merger date. The Company has also obtained the approval to change its name to "Yuanta Futures Co., Ltd.".

- (2) The Group is primarily engaged in onshore and offshore futures brokerage business, futures dealing, futures consulting, futures business management, securities dealing, leverage transaction merchant, and a variety of futures related businesses approved by the competent authority. On August 14, 2017, with permission from the competent authority, the Group ceased engaging in futures business management. As of December 31, 2021, the Company had 4 branches.

- (3) As of December 31, 2021 and 2020, the Group had 449 and 450 employees, respectively.

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

These consolidated financial statements were authorized for issuance by the Board of Directors on March 10, 2022.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”).

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 4, ‘Extension of the temporary exemption from applying IFRS 9’	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, ‘Interest Rate Benchmark Reform— Phase 2’	January 1, 2021
Amendment to IFRS 16, ‘Covid-19-related rent concessions beyond 30 June 2021’	April 1, 2021(Note)
Note : Earlier application from January 1, 2021 is allowed by FSC.	

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

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

New standards, interpretations and amendments endorsed by the FSC effective from 2022 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 3, ‘Reference to the conceptual framework’	January 1, 2022
Amendments to IAS 16, ‘Property, plant and equipment: proceeds before intended use’	January 1, 2022
Amendments to IAS 37, ‘Onerous contracts— cost of fulfilling a contract’	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

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

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by International Accounting Standards Board
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendment to IFRS 17, ‘Initial application of IFRS 17 and IFRS 9 – comparative information’	January 1, 2023
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2023
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Securities Firms, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

(A) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(B) Financial assets at fair value through other comprehensive income.

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

- B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

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

(B) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

B. Subsidiaries included in the consolidated financial statements:

<u>Ownership (%)</u>					
<u>Name of investor</u>	<u>Name of subsidiary</u>	<u>Main business activities</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>Note</u>
The Company	Yuanta Futures (Hong Kong) Co., Ltd.	Financial services	100	100	
The Company	SYF Information Co., Ltd.	Information technology services	100	100	
SYF Information Co., Ltd.	SYF Information (Shanghai) Limited	Information technology services	100	100	Note

Note: On June 30, 2021, to streamline organization structure, the Board of Directors of the Company approved to liquidate SYF Information (Shanghai) Limited. The liquidation had been approved by the competent authority on July 12, 2021. The local competent authority approved the liquidation on February 14, 2022, and the process is still ongoing.

- C. Subsidiaries not included in the consolidated financial statements: None.
- D. Adjustments for subsidiaries with different balance sheet dates: None.
- E. Significant restrictions: None.
- F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

- (A) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (B) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (C) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the consolidated balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the consolidated balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (D) Foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

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

- (A) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that consolidated balance sheet;
- (B) Income and expenses for each consolidated statement of comprehensive income are translated at average exchange rates of that period; and
- (C) All resulting exchange differences are recognised in other comprehensive income.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

- (A) Assets arising from operating activities that are expected to be realised, or are intended to be

sold or consumed within the normal operating cycle;

(B) Assets held mainly for trading purposes;

(C) Assets that are expected to be realised within twelve months from the balance sheet date;

(D) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(A) Liabilities that are expected to be settled within the normal operating cycle;

(B) Liabilities arising mainly from trading activities;

(C) Liabilities that are to be settled within twelve months from the balance sheet date;

(D) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the consolidated balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash and cash equivalents

Cash and cash equivalents include petty cash, checking accounts, demand deposits and short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

(7) Financial assets at fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income. Financial assets at amortised cost or fair value through other comprehensive income are designated as at fair value through profit or loss at initial recognition when they eliminate or significantly reduce a measurement or recognition inconsistency.

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

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

D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Financial assets at fair value through other comprehensive income

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through other

comprehensive income are recognised and derecognised using trade date accounting.

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

The Group subsequently measures the financial assets at fair value:

The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(9) Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

(A) The objective of the Group's business model is achieved by collecting contractual cash flows.

(B) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

(10) Margin deposits

In accordance with the Rules Governing Futures Commission Merchants, margin deposits accounts refer to the guarantee deposits and premiums collected from the futures customers, and the spread is calculated based on daily market price.

(11) Futures traders' equity / Futures trading margin receivable

Futures traders' equity is the trading margin/premiums deposited by customers and the difference of daily close-market balance. Futures traders' equity is shown under current liabilities. It cannot be offset except for the same customer with the same category of accounts. If payable to customer does not occur, it should be classified as futures trading margin receivable.

(12) Leverage margin contract trading client margin deposits

In accordance with the Regulations Governing Leverage Transaction Merchants, margin deposits accounts refer to the guarantee deposits and premiums collected from the leveraged trader, and the difference of daily evaluation.

(13) Leverage margin contract transaction traders' equity

Leverage margin contract transaction traders' equity is the trading margin/premiums deposited by customers and the difference of daily evaluation. Leverage margin contract transaction traders' equity is shown under current liabilities.

(14) Accounts receivable

A. Accounts receivable entitle the Group a legal right to receive consideration in exchange for

transferred goods or rendered services.

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

(15) Impairment of financial assets

For financial assets at amortised cost, margin deposit, futures trading margin receivables, security borrowing deposits, accounts receivable, other receivables, leverage margin deposit, operation guarantee deposits, clearing and settlement fund, and refundable deposits, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts.

(16) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(17) Property and equipment

- A. Property and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Equipment is recognised using the cost model and is depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors", from the date of the change. The estimated useful lives of various fixed assets are 3~6 years except for buildings, which have useful lives from 10~60 years.

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

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

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

(A) Fixed payments, less any lease incentives receivable; and

(B) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(A) The amount of the initial measurement of lease liability;

(B) Any lease payments made at or before the commencement date; and

(C) Any initial direct costs incurred by the lessee.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognise the difference between remeasured lease liability in profit or loss.

(19) Intangible assets

A. Membership in a foreign Futures Exchange

Membership in a foreign Futures Exchange is stated at acquisition cost and regarded as having an indefinite useful life as it was assessed to generate continuous net cash inflow in the foreseeable future. Membership in a foreign Futures Exchange is not amortised, but is tested annually for impairment.

B. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 years.

(20) Impairment of non-financial assets

A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal

should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

- B. The recoverable amounts of intangible assets with an indefinite useful life shall be evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

(21) Derivative financial instruments and non-hedging activities

Non-hedging derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Any changes in the fair value are recognised in profit or loss.

(22) Financial liabilities at fair value through profit or loss

- A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges. Financial liabilities that meet one of the following criteria are designated as at fair value through profit or loss at initial recognition:

(A) Hybrid (combined) contracts; or

(B) They eliminate or significantly reduce a measurement or recognition inconsistency; or

(C) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management policy.

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

(23) Bonds payable

Ordinary corporate bonds issued by the Group are initially recognised at fair value, net of transaction costs incurred. Any difference between the proceeds (net of transaction costs) and the redemption value is accounted for as the premium or discount on bonds payable and presented as an addition to or deduction from bonds payable, which is amortised as an adjustment to the 'interest expense' over the period of bond circulation using the effective interest method.

(24) Derecognition of financial liabilities

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

(25) Employee benefits

- A. Short-term employee benefits

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

- B. Pensions

(A) Defined contribution plans

For defined contribution plans, the Group pays fixed contributions to an independent, publicly or privately administered pension fund. The Group has no further legal or constructive obligations once the contributions have been paid. The contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(B) Defined benefit plans

- a. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds (at the consolidated balance sheet date).
- b. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognises expense as it can no longer withdraw an offer of termination benefits or it recognises relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees' and directors' and supervisors' remuneration

Employees' remuneration and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(26) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised

as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(27) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.
- D. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each consolidated balance sheet date, unrecognised and recognised deferred income tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the

legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(28) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities.

(29) Revenue recognition

- A. Brokerage fee income: Service fee income that is generated from futures merchants exercising futures transaction is recognised on the date of settlement.
- B. Security commission revenue: Commission revenues that are generated from the operation of securities introducing broker business by futures commission merchants. These income are recognised on an accrual basis under the agreed terms.
- C. Entrusted clearing settlement service fee: Service fee income that is generated by future merchants who has the qualification of clearing membership while exercising clearing settlement transaction is recognised on the date of futures transaction.
- D. Derivative instrument net income
 - (A)Futures contract gains or losses: The margin of futures trading is recognised at cost and measured through mark-to-market accounting. The gains or losses from mark-to-market, reversed futures trading or settled contracts are recognised as gains or losses in the current period.
 - (B)Options trading: The deposit of options trading is recognised at cost and assessed monthly through mark-to-market valuation before the obligation is fulfilled. Any gain and loss occurring due to the option exercise is recognised as gain and loss in the period.
- E. Futures management fees revenues and advisory income: These incomes are recognised on an accrual basis under the agreed terms.
- F. Interest income: All of the interest income of financial instruments are calculated using the effective interest rate.

(30) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker. The Chief Operating Decision-Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

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

The preparation of the consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience, the effect of Covid-19 and other factors. There is no significant change during the period. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Evaluation of expected credit loss on futures trading margin receivable

The impairment assessment of the Group's futures trading margin receivable is based on subjective judgements, including whether there has been significant increase in credit risk since initial recognition and loss rates calculated from historical data. Therefore, the Group periodically examines the appropriateness of its estimates. Please refer to Note 21(6) for more information.

(2) Financial assets—fair value measurement of unlisted stocks without active market

The fair value of unlisted stocks held by the Group that are not traded in an active market is determined by the market approach. The approach is taken with assumptions relating to the determination of comparable companies and employing those companies' latest price to earnings ratio multiples as basis of pricing estimation along with discounts of marketability consideration. Any changes in these judgements and estimates will impact the fair value measurement of these unlisted stocks. Please refer to Note 21(3) for the financial instruments fair value information.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Petty cash	\$ 101	\$ 104
Cash in bank		
Checking deposits	17	16
Demand deposits	577,011	171,690
Time deposits	<u>7,926,095</u>	<u>5,745,763</u>
Subtotal	8,503,224	5,917,573
Excess futures margin deposits	366,876	616,667
Excess margin in foreign exchange margin trading	74,275	53,817
Commercial paper (expiring within three months)	<u>359,711</u>	<u>601,153</u>
	<u>\$ 9,304,086</u>	<u>\$ 7,189,210</u>

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Group has no cash and cash equivalents pledged to others.

(2) Financial assets and liabilities at fair value through profit or loss – current

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 224,771	\$ 168,510
Beneficiary certificates	-	666,762
Futures contracts - non-hedging	16,992	72,347
Options contracts - non-hedging	1,219	4,166
Leverage margin contract transactions - non-hedging	<u>36,525</u>	<u>13,537</u>
	279,507	925,322
Valuation adjustment	<u>7,022</u>	<u>10,623</u>
	<u>\$ 286,529</u>	<u>\$ 935,945</u>

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Financial liabilities held for trading		
Options - non-hedging	\$ 926	\$ 13,653
Security borrowing payable - non-hedging	=	<u>171,614</u>
	926	185,267
Valuation adjustment	=	<u>35,726</u>
	<u>\$ 926</u>	<u>\$ 220,993</u>

A. Amounts recognised in profit or loss in relation to financial assets and liabilities at fair value through profit or loss are listed below:

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Financial assets and liabilities at fair value through profit or loss		
Listed stocks	\$129,154	\$38,891
Beneficiary certificates	79	(4,456)
Borrowed securities	(13,298)	(23,309)
Futures contracts - non-hedging	(18,677)	(97,173)
Options contracts - non-hedging	2,523	204,381
Leverage margin contract transactions	30,434	34,831
Other financial instruments	<u>14</u>	<u>(176)</u>
Total	<u>\$ 130,229</u>	<u>\$ 152,989</u>

For the years ended December 31, 2021 and 2020, the above mentioned amounts recognised in profit or loss in relation to financial assets and liabilities at fair value through profit or loss are recognised in gains on trading of securities, dividend income, (losses) gains on valuation of trading securities, losses on covering of borrowed securities and bonds with resale agreements-short sales, valuation gains (losses) on borrowed securities and bonds with resale agreements-short sales at fair value through profit or loss, net gain on derivative instruments and other gains and losses.

B. Futures

The Group entered into futures contracts to earn the spread. As of December 31, 2021 and 2020, margin deposits for the futures contract was \$383,868 and \$689,014, respectively, with excess margin of \$366,876 and \$616,667, respectively, recognised in “cash and cash equivalents”.

C. The Group has no financial assets at fair value through profit or loss pledged to others.

(3) Margin deposits /Futures traders’ equity

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Margin deposits by customers:		
Cash in banks	\$61,267,304	\$62,340,791
Clearing house	14,607,984	12,311,265
Other futures commission merchants	<u>7,601,695</u>	<u>9,419,390</u>
Total	83,476,983	84,071,446
Less: Fees and interest revenue pending for transfer	(155,154)	(194,402)
Futures exchange tax pending for transfer	(4,595)	(6,702)
Temporary receipts	(6,239)	(7,623)
Others	<u>(132,659)</u>	<u>(98,906)</u>
Futures traders’ equity	<u>\$ 83,178,336</u>	<u>\$ 83,763,813</u>

A. The Group has no expected credit loss on margin deposits.

B. As at December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the margin deposits held by the Group was \$83,476,983 and \$84,071,446, respectively.

(4) Futures trading margin receivable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Futures trading margin receivable	\$107,770	\$120,901
Less: Allowance for uncollectible accounts	<u>(107,770)</u>	<u>(120,901)</u>
	<u>\$ -</u>	

A. Information relating to credit risk of futures trading margin receivable is provided in Note 21(6).

B. The ageing analysis of futures trading margin receivable is as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Up to 30 days	\$-	\$ -
31-90 days	-	-
91-180 days	-	-
Over 181 days	<u>107,770</u>	<u>120,901</u>
	<u>\$ 107,770</u>	<u>\$120,901</u>

The above ageing analysis was based on posting date.

(5) Financial assets at fair value through other comprehensive income

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current items:		
Equity instrument		
Listed stocks	\$700,524	\$605,624
Valuation		
adjustment	<u>106,306</u>	<u>49,808</u>
Total	<u>\$ 806,830</u>	<u>\$655,432</u>
Non-current items:		
Equity instrument		
Listed stocks	\$ 104,771	\$ 104,771
Valuation		
adjustment	<u>21,704</u>	<u>(1,075)</u>
Subtotal	<u>126,475</u>	<u>103,696</u>
Non-Listed stocks		
	221,132	221,132
Valuation		
adjustment	<u>1,585,126</u>	<u>1,293,695</u>
Subtotal	<u>1,806,258</u>	<u>1,514,827</u>
Total	<u>\$1,932,733</u>	<u>\$1,618,523</u>

A. The Group has elected to classify stock investments that are considered to be strategic investments and earning steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$2,739,563 and \$2,273,955 as at December 31, 2021 and 2020, respectively.

B. For the years ended December 31, 2021 and 2020, to avoid systemic risks due to market interference and uncertainties, the Group sold amounted to \$1,147,130 and \$1,027,205, respectively, of listed stocks at fair value and resulted in cumulative gains on disposal were

\$100,387 and \$55,414, respectively.

C. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	<u>\$471,095</u>	<u>\$80,198</u>
Cumulative gains reclassified to retained earnings due to derecognition	<u>(\$100,387)</u>	<u>(\$55,414)</u>
Dividend income recognised in profit or loss		
Held at end of period	\$113,928	\$ 61,048
Derecognised during the period	<u>38,132</u>	<u>26,086</u>
	<u>\$152,060</u>	<u>\$87,134</u>

D. The Group has no financial assets at fair value through other comprehensive income pledged to others.

(6) Operating guarantee deposits

The Company's annual interest rates on operating guarantee deposits that were provided as time deposits maturing within one-year with Yuanta Bank as at December 31, 2021 and 2020 was 0.77% and 0.77%~1.035%, respectively.

As at December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the operating guarantee deposits held by the Group was \$145,326 and \$145,516, respectively.

(7) Clearing and settlement funds

As at December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the clearing and settlement funds held by the Group was \$544,465 and \$548,092, respectively.

(8) Property and equipment

	<u>2021</u>				
	<u>Land</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Leasehold improvements</u>	<u>Total</u>
At January 1,					
Cost	\$410,992	\$71,577	\$256,505	\$28,155	\$767,229
Accumulated depreciation	=	<u>(12,213)</u>	<u>(117,790)</u>	<u>(18,694)</u>	<u>(148,697)</u>
	<u>\$410,992</u>	<u>\$59,364</u>	<u>\$138,715</u>	<u>\$9,461</u>	<u>\$618,532</u>

Opening net book amount at January 1,	\$410,992	\$59,364	\$138,715	\$9,461	\$618,532
Additions	-	-	42,466	10,237	52,703
Transfers	-	-	22,500	8,024	30,524
Reclassifications (Note)	55,955	(55,955)	-	-	-
Disposals (cost)	-	-	(59,358)	(9,692)	(69,050)
Disposals (accumulated depreciation)	-	-	59,300	9,616	68,916
Depreciation expense	-	(3,409)	(60,467)	(6,493)	(70,369)
Net exchange differences	=	=	(109)	(199)	(308)
Closing net book amount at December 31,	<u>\$466,947</u>	<u>\$-</u>	<u>\$143,047</u>	<u>\$ 20,954</u>	<u>\$630,948</u>

At December 31,					
Cost	\$466,947	\$-	\$261,589	\$ 36,087	\$764,623
Accumulated depreciation	=	=	(118,542)	(15,133)	(133,675)
	<u>\$466,947</u>	<u>\$ -</u>	<u>\$ 143,047</u>	<u>\$20,954</u>	<u>\$630,948</u>

Note: During the current period, an old building with a book value of \$55,955 (Cost:\$71,577 & Accumulated depreciation:\$15,622) was adjusted addition to book value of the land due to the city renovation. A trust in Chang Hwa Bank was set up upon the land due to the city renovation.

	<u>2020</u>				
	<u>Land</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Leasehold improvements</u>	<u>Total</u>
At January 1,					
Cost	\$410,992	\$71,577	\$200,872	\$31,645	\$715,086
Accumulated depreciation	=	(8,804)	(93,161)	(15,381)	(117,346)
	<u>\$410,992</u>	<u>\$62,773</u>	<u>\$107,711</u>	<u>\$16,264</u>	<u>\$597,740</u>
Opening net book amount at January 1,	\$410,992	\$62,773	\$107,711	\$16,264	\$597,740
Additions	-	-	37,161	-	37,161
Transfers	-	-	45,214	-	45,214
Disposals (cost)	-	-	(26,075)	(2,544)	(28,619)
Disposals (accumulated depreciation)	-	-	25,606	2,544	28,150
Depreciation expense	-	(3,409)	(50,686)	(6,401)	(60,496)
Net exchange differences	=	=	(216)	(402)	(618)
Closing net book amount at	<u>\$410,992</u>	<u>\$59,364</u>	<u>\$138,715</u>	<u>\$9,461</u>	<u>\$618,532</u>

December 31,

At December 31,

Cost	\$410,992	\$71,577	\$256,505	\$28,155	\$767,229
Accumulated depreciation	-	(12,213)	(117,790)	(18,694)	(148,697)
	<u>\$410,992</u>	<u>\$59,364</u>	<u>\$138,715</u>	<u>\$9,461</u>	<u>\$618,532</u>

(9) Leasing arrangements — lessee

A. The Group leases various assets including buildings. Rental contracts are typically made for periods of 3 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Buildings	\$ <u>156,634</u>	\$ <u>213,221</u>

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Buildings	\$ <u>60,877</u>	\$ <u>42,349</u>

C. For the years ended December 31, 2021 and 2020, the additions to right-of-use assets were \$6,038 and \$188,688, respectively.

D. The information on profit and loss accounts relating to lease contracts is as follows:

	<u>2021</u>	<u>2020</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$1,470	\$1,349
Expense on short-term lease contracts	243	1,422
Gain on lease modification	502	-

E. For the years ended December 31, 2021 and 2020, the Group's total cash outflow for leases was \$54,871 and \$38,083, respectively.

F. Extension and termination options

In determining the lease term, the Group takes into consideration all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. The assessment of lease period is reviewed if a significant event occurs which affects the assessment.

(10) Intangible assets

	<u>2021</u>		
	Membership in a foreign Futures		
	<u>Exchange</u>	<u>Others</u>	<u>Total</u>
At January 1,			
Cost	\$24,125	\$45,707	\$69,832
Accumulated amortisation	=	(27,663)	(27,663)
	<u>\$24,125</u>	<u>\$18,044</u>	<u>\$42,169</u>
Opening net book amount at January 1,	\$24,125	\$18,044	\$42,169
Additions	-	52,565	52,565
Transfers	-	4,441	4,441
Disposals (cost)	-	(13,307)	(13,307)
Disposals (accumulated amortisation)	-	13,307	13,307
Amortisation expense	-	(12,195)	(12,195)
Net exchange differences	=	(1)	(1)
Closing net book amount at December 31,	<u>\$24,125</u>	<u>\$ 62,854</u>	<u>\$ 86,979</u>
At December 31,			
Cost	\$24,125	\$89,397	\$113,522
Accumulated amortisation	=	(26,543)	(26,543)
	<u>\$24,125</u>	<u>\$62,854</u>	<u>\$86,979</u>

	<u>2020</u>		
	Membership in a foreign Futures		
	<u>Exchange</u>	<u>Others</u>	<u>Total</u>
At January 1,			
Cost	\$24,125	\$45,814	\$69,939
Accumulated amortisation	=	<u>(28,890)</u>	<u>(28,890)</u>
	<u>\$24,125</u>	<u>\$16,924</u>	<u>\$41,049</u>
Opening net book amount at January 1,	\$24,125	\$16,924	\$41,049
Additions	-	2,447	2,447
Transfers	-	11,035	11,035
Disposals (cost)	-	(13,577)	(13,577)
Disposals (accumulated amortisation)	-	13,577	13,577
Amortisation expense	-	(12,360)	(12,360)
Net exchange differences	=	<u>(2)</u>	<u>(2)</u>
Closing net book amount at December 31,	<u>\$24,125</u>	<u>\$ 18,044</u>	<u>\$ 42,169</u>
At December 31,			
Cost	\$24,125	\$45,707	\$69,832
Accumulated amortisation	=	<u>(27,663)</u>	<u>(27,663)</u>
	<u>\$24,125</u>	<u>\$18,044</u>	<u>\$42,169</u>

(11) Other current liabilities

December 31, 2021

December 31, 2020

Temporary receipts	\$	<u>31,175</u>	\$	<u>20,538</u>
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(12) Bonds Payable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Bonds payable	\$1,500,000	\$ -
Less: Discount on bonds payable	<u>(2,599)</u>	-
	<u>\$1,497,401</u>	<u>\$-</u>

First issue of unsecured subordinate normal
corporate bond in 2021

Par value	\$1,500,000
Stated interest rate	Fixed interest rate at 0.85%
Issuance date	November 12, 2021
Maturity date	November 12, 2028
Issuance area	Taiwan

(13) Pension

A. Defined benefit plan

(A) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions to cover the deficit by next March.

(B) The amounts recognised in the balance sheet are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Present value of defined benefit obligations	\$92,316	\$98,594
Fair value of plan assets	<u>(26,045)</u>	<u>(24,852)</u>
Net defined benefit liability	<u>\$66,271</u>	<u>\$73,742</u>

(C) Movements in net defined benefit liabilities are as follows:

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
<u>Year ended December 31, 2021</u>			
Balance at January 1	\$98,594	(\$24,852)	\$73,742

Interest expense (income)	<u>296</u>	<u>(74)</u>	<u>222</u>
	<u>98,890</u>	<u>(24,926)</u>	<u>73,964</u>
Remeasurements:			
Return on plan assets	-	(369)	(369)
Change in demographic assumptions	54	-	54
Change in financial assumptions	(2,948)	-	(2,948)
Experience adjustments	<u>(1,900)</u>	=	<u>(1,900)</u>
	<u>(4,794)</u>	<u>(369)</u>	<u>(5,163)</u>
Pension fund contribution	-	(750)	(750)
Paid pension	<u>(1,780)</u>	=	<u>(1,780)</u>
Balance at December 31	<u>\$92,316</u>	<u>(\$26,045)</u>	<u>\$66,271</u>

Present value of defined benefit obligations

Fair value of plan assets

Net defined benefit liability

Year ended December 31, 2020

Balance at January 1	\$83,729	(\$23,142)	\$60,587
Interest expense (income)	<u>586</u>	<u>(162)</u>	<u>424</u>
	<u>84,315</u>	<u>(23,304)</u>	<u>61,011</u>
Remeasurements:			
Return on plan assets	-	(783)	(783)
Change in financial assumptions	4,513	-	4,513
Experience adjustments	<u>9,828</u>	=	<u>9,828</u>

	<u>14,341</u>	<u>(783)</u>	<u>13,558</u>
Pension fund contribution	-	(765)	(765)
Paid pension	<u>(62)</u>	=	<u>(62)</u>
Balance at December 31	<u>\$98,594</u>	<u>(\$24,852)</u>	<u>\$73,742</u>

(D) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company and domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2021 and 2020 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(E) The principal actuarial assumptions used were as follows:

	<u>For the years ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Discount rate	<u>0.60%</u>	<u>0.30%</u>
Future salary increases	<u>3.00%</u>	<u>3.00%</u>

For the years ended December 31, 2021 and 2020, assumptions regarding future mortality rate were estimated in accordance with the 6th Chart and 5th Chart of Life Span Estimate Used by the Taiwan Life Insurance Enterprises.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	<u>Discount rate</u>		<u>Future salary increases</u>	
	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>
<u>December 31, 2021</u>				
Effect on present value of defined benefit obligation	<u>(\$2,316)</u>	<u>\$2,403</u>	<u>\$2,021</u>	<u>(\$1,963)</u>
<u>December 31, 2020</u>				
Effect on present value of defined benefit obligation	<u>(\$2,854)</u>	<u>\$2,968</u>	<u>\$2,463</u>	<u>(\$2,387)</u>

(F) The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(G) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2022 amount to \$738.

(H) As of December 31, 2021, the weighted average duration of the retirement plan is 10 years.

B. Defined contribution plan

(A) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(B) The pension costs under defined contribution pension plans of the Group for the years ended December 31, 2021 and 2020 were \$18,617 and \$17,489, respectively.

C. The pension plans for the consolidated foreign subsidiaries are as follows:

(A) The pension plan for Yuanta Futures (Hong Kong) Co., Ltd. and SYF Information (Shanghai) Limited are in compliance with related

regulations enacted by respective local governments.

(B) For the years ended December 31, 2021 and 2020, the foreign subsidiaries recognised \$1,386 and \$1,310, respectively, of pension expense under aforementioned regulations.

(14) Share-based payment

A. For the year ended December 31, 2020, the Company's share-based payment arrangements were as follows:

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Quantity granted (in thousand shares)</u>	<u>Contract period</u>	<u>Vesting conditions</u>
Cash capital increase reserved for employee preemption	February 12, 2020	1,693	N/A	Vested immediately
Cash capital increase reserved for employee preemption	October 8, 2020	3,581	N/A	Vested immediately

The share-based payment arrangements above are settled by equity.

B. The fair value of stock options granted on February 12, 2020 and October 8, 2020 are measured using the Black-Scholes-Merton-option-pricing model. Relevant information is as follows:

Amount in NTD

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Stock price</u>	<u>Exercise price</u>	<u>Exercise price volatility (Note 1)</u>	<u>Expected option life (Note 2)</u>	<u>Expected dividends</u>	<u>Risk-free interest rate</u>	<u>Fair value per unit</u>
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Cash capital increase reserved for employee preemption	February 12, 2020	\$55.80	\$48.00	10.43%	38 days	N/A	0.46%	\$7.82
Cash capital increase reserved for employee preemption	October 8, 2020	\$54.10	\$45.50	14.20%	20 days	N/A	0.06%	\$8.60

Note 1: It was estimated based on annualized standard deviation of returns of the Company.

Note 2: It was the period between the grant date of the capital increase (February 12, 2020 and October 8, 2020) to the payment period end date of employee stock option (March 20, 2020 and October 27, 2020).

C. Expenses incurred on share-based payment transactions are shown below:

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Equity-settled	\$ -	\$ 44,036

(15) Share capital

A. As of December 31, 2021, the Company's authorized capital was \$3,500,000 consisting of 350,000 thousand shares, and paid-in capital was \$2,899,763 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

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

	<u>2021</u>	<u>2020</u>
At January 1	289,976	232,276
Cash capital increase	=	<u>57,700</u>

At December 31

289,976

289,976

- B. On November 17, 2019, the Board of Directors of the Company resolved to increase its capital by issuing common stock, totaling 17,700 thousand shares with a par value of \$10 (in dollars) per share and the issuance price was \$48 (in dollars) per share. The purpose is to fulfill working capital needs. The proceeds amounted to \$849,600 (excluding the issuance cost of \$2,272). The record date of cash capital increase was set on March 25, 2020, and the paid-in capital was \$2,499,763 after the capital increase.
- C. On August 20, 2020, the Board of Directors of the Company resolved to increase its capital by issuing common stock, totaling 40,000 thousand shares with a par value of \$10 (in dollars) per share and the issuance price was \$45.5 (in dollars) per share. The purpose is to fulfill working capital needs. The proceeds amounted to \$1,820,000 (excluding the issuance cost of \$4,856). The record date of cash capital increase was set on October 30, 2020, and the paid-in capital was \$2,899,763 after the capital increase.

(16) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(17) Special reserve

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Legal capital reserve	\$ <u>2,508,054</u>	\$ <u>2,294,034</u>

- A. According to the "Rules Governing the Administration of Securities Firms", 20% of the current year's earnings, after paying all taxes and offsetting prior years' operating losses, if any, shall be set aside as special reserve until the cumulative balance equals the total amount of paid-in capital. The special reserve shall be used exclusively to cover accumulated deficit or to increase capital and shall not be used for any other purpose. Such capitalization shall not be permitted unless the Company has already accumulated a special reserve of at least 50% of its paid-in capital and only half of such special reserve may be capitalised. According to the Gin-Gwen-Zheng-Qi Letter No. 1110380212, dated January 21,

2022, provision basis for special reserve should be included in the amount of current year's undistributed earnings other than the current year's net income.

- B. The Company transferred provision on bad debt loss that had been set aside but not reversed to special reserve on initial application of IFRSs in accordance with Gin-Gwen-Zheng-Qi Letter No. 1010032090, dated July 10, 2012. Except for offsetting operating losses or special reserve exceeding 50% of the Company's paid-in capital after transferring, the Company could transfer half of special reserve as share capital.
- C. According to the other regulations, upon the distribution of earnings, other than the setting aside of legal reserve, an equivalent amount of special reserve should be set aside from earnings after tax of the current year and the undistributed earnings of the prior period based on the decreased amount of stockholders' equity. For the cumulative decrease in stockholders' equity of the prior period, an equal amount of special reserve set aside based on the undistributed earnings should not be distributed. If there is any reversal of the decrease in stockholders' equity, the earnings may be distributed based on the reversal proportion.
- D. In line with aforementioned regulations, the appropriation of 2019 earnings as resolved by the shareholders on May 27, 2020, the Company reversed special reserve in the amount of (\$8,027).

(18) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% and 20% of the remaining amount shall be set aside as legal reserve and special reserve. In addition, if there is any surplus after the special reserve is set aside or reversed as required by regulations, the remainder, if any, to be retained or to be appropriated shall be resolved by the stockholders at the stockholders' meeting.
- B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- D. Details of the earnings distribution for 2020 of the Company resolved by the stockholders' meeting on July 5, 2021 and the earnings distribution for 2019 resolved by the stockholders' meeting on May 27, 2020 are as follows:

2020

2019

Dividends per

Dividends per

	<u>Amount</u>	<u>Share (in dollars)</u>	<u>Amount</u>	<u>Share (in dollars)</u>
Legal reserve	\$111,467		\$113,580	
Special reserve	214,020		227,160	
Reversal of special reserve (Note)	-		(8,027)	
Cash dividends	811,934	\$2.80	799,924	\$3.20

Note: According to the Gin-Gwen-Zheng-Quan Letter No. 10500278285, the Company shall set aside 0.5% special reserve for staff education training, staff transfer or resettlement due to the development of financial technology and the protection of employee's right. The special reserve is reversed in accordance with the letter.

E. On March 10, 2022, the Board of Directors resolved the distribution of profits for 2021 as follows:

		<u>2021</u>
	<u>Amount</u>	Dividends per <u>Share (in dollars)</u>
Legal reserve	\$ 96,480	
Special reserve	192,960	
Cash dividends	666,945	\$ 2.30

(19)Other equity items

	<u>Unrealised gains (losses) on valuation</u>	<u>Currency translation differences</u>	<u>Total</u>
At January 1, 2021	\$ 1,342,428	(\$ 64,985)	\$ 1,277,443
Financial assets at fair value through other comprehensive income			

-Revaluation	471,095	-	471,095
-Revaluation transferred to retained earnings	(100,387)	- (	100,387)
Currency translation differences			
-Exchange differences	<u>-</u>	<u>(32,238)</u>	<u>(32,238)</u>
At December 31, 2021	<u>\$ 1,713,136</u>	<u>(\$ 97,223)</u>	<u>\$ 1,615,913</u>

	Unrealised gains (losses) on <u>valuation</u>	Currency translation <u>differences</u>	<u>Total</u>
At January 1, 2020	\$ 1,317,644	(\$ 21,375)	\$ 1,296,269
Financial assets at fair value through other comprehensive income			
-Revaluation	80,198	-	80,198
-Revaluation transferred to retained earnings	(55,414)	- (	55,414)
Currency translation differences			
-Exchange differences	<u>-</u>	<u>(43,610)</u>	<u>(43,610)</u>
At December 31, 2020	<u>\$ 1,342,428</u>	<u>(\$ 64,985)</u>	<u>\$ 1,277,443</u>

(20) Brokerage

For the years ended December 31,
2021 2020

Dealers' commissions	\$	<u>3,658,844</u>	\$	<u>3,636,279</u>
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(21) Net gain on trading of securities

		<u>For the years ended December 31,</u>	
		<u>2021</u>	<u>2020</u>
Revenue from sale of securities - dealing	\$	6,006,382	\$ 1,251,339
Cost from sale of securities - dealing	(	5,886,848)	(1,216,119)
	\$	<u>119,534</u>	\$ <u>35,220</u>

(22) Clearance fee from consignment

		<u>For the years ended December 31,</u>	
		<u>2021</u>	<u>2020</u>
Clearance fee from consignment - non-related parties	\$	38,449	\$ 37,703
Clearance fee from consignment - related parties		26,736	35,487
Total	\$	<u>65,185</u>	\$ <u>73,190</u>

(23) Net gain on derivative financial instruments

		<u>For the years ended December 31,</u>	
		<u>2021</u>	<u>2020</u>
Non-hedging			
Gains (losses) from futures contract interests			
Futures contract gains	\$	392,770	\$ 562,637

Futures contract losses	(	411,447)	(	659,810)
	(\$	18,677)	(\$	97,173)
Gains (losses) from options trading				
Gains from options trading	\$	483,549	\$	548,452
Losses from options trading	(	481,026)	(	344,071)
	\$	2,523	\$	204,381
Gains (losses) from leverage margin contract transactions				
Gains from leverage margin contract transactions	\$	197,890	\$	336,826
Losses from leverage margin contract transactions	(	167,456)	(	301,995)
	\$	30,434	\$	34,831
Gains from derivative financial instruments	\$	1,074,209	\$	1,447,915
Losses from derivative financial instruments	(	1,059,929)	(	1,305,876)
	\$	14,280	\$	142,039

(24) Service charge

For the years ended December 31,

	<u>2021</u>		<u>2020</u>
Service charge - brokerage	\$ 776,978	\$	745,408
Service charge - dealing	3,586		6,368
Total	<u>\$ 780,564</u>	<u>\$</u>	<u>751,776</u>

(25) Futures commission

For the years ended December 31,

<u>2021</u>	<u>2020</u>
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Entrusted futures transaction	\$	349,057	\$	401,743
Futures auxiliary business		359,514		344,152
Total	\$	708,571	\$	745,895

(26) Clearance fee

<u>For the years ended December 31,</u>				
	<u>2021</u>		<u>2020</u>	
Clearance fee - brokerage	\$	571,691	\$	557,650
Clearance fee - dealing		2,232		4,230
Total	\$	573,923	\$	561,880

(27) Operating expenses

<u>For the years ended December 31,</u>				
	<u>2021</u>		<u>2020</u>	
Employee benefit expense	\$	731,459	\$	718,088
Depreciation expense		131,246		102,845
Amortisation expense		12,195		12,360
Postage and telephone costs		101,241		97,776
Tax expenses		115,957		105,003
Computer information expenses		112,666		109,336
Donation		10,475		9,642
Institutional membership fees		32,663		33,740
Operating lease payments		243		1,422
Repair charge		31,593		27,521
Advertising costs		10,061		11,465
Service expenses		19,623		13,516

Other expenses	46,198	43,208
	<u>\$ 1,355,620</u>	<u>\$ 1,285,922</u>

(28) Employee benefit expense

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Wages and salaries	\$ 639,000	\$ 642,925
Labor and health insurance fees	38,908	34,391
Pension costs	20,225	19,223
Post-employment benefits	12,470	1,683
Other personnel expenses	20,856	19,866
	<u>\$ 731,459</u>	<u>\$ 718,088</u>

- A. In accordance with the Articles of Incorporation of the Company, when distributing earnings, the Company shall distribute bonus to the employees that account for 0.01%~5.00%, of the total distributed amount. For the years ended December 31, 2021 and 2020, employees' compensation was accrued at \$3,952 and \$3,832, respectively, and the aforementioned amounts were recognised in salary expenses.
- B. Employees' compensation of 2020 as resolved at the meeting of Board of Directors were in agreement with those amounts recognised in the 2020 financial statements.
- C. Information about employees' compensation of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(29) Other gains and losses

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Interest income	\$ 350,351	\$ 720,365
Gains (losses) on disposal of investments	5,118	(11,601)

Gains (losses) on disposal of property and equipment	271	(	259)	
Dividend income	152,710		88,764	
Net currency exchange losses	(	4,756)	(	14,529)
(Losses) gains on financial assets at fair value through profit or loss	(	997)		1,970
Gains on lease modification	502			-
Others	<u>83,895</u>		<u>67,629</u>	
Total	<u>\$</u>	<u>587,094</u>	<u>\$</u>	<u>852,339</u>

(30) Income tax

A. Income tax expense

(a) Components of income tax expense:

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Current tax:		
Current tax on profits for the year	\$ 165,816	\$ 277,398
Tax on undistributed surplus earnings	-	1,877
Prior year income tax under (over) estimation	742 (	7,933)
Total current tax	<u>166,558</u>	<u>271,342</u>
Deferred tax:		
Origination and reversal of temporary differences	22,120 (	15,861)
Total deferred tax	<u>22,120 (</u>	<u>15,861)</u>
Income tax expense	<u>\$ 188,678</u>	<u>\$ 255,481</u>

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Remeasurement of defined benefit obligations	\$ 1,032 (	2,712)

B. Reconciliation between income tax expense and accounting profit

For the years ended December 31,

	<u>2021</u>		<u>2020</u>
Tax calculated based on profit before tax and statutory tax rate	\$ 209,792	\$	265,116
Tax exempt income by tax regulation	(21,856)	(	3,579)
Tax on undistributed surplus earnings	-		1,877
Prior year income tax under (over) estimation	<u>742</u>	(	<u>7,933</u>)
Income tax expense	<u>\$ 188,678</u>	<u>\$</u>	<u>255,481</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

<u>For the year ended December 31, 2021</u>				
	<u>January 1</u>	<u>Recognised in profit or loss</u>	<u>Recognised in other comprehensive income</u>	<u>December 31</u>
Deferred income tax assets:				
— Temporary differences				
Accrued pension liabilities	\$ 5,419	(\$ 462)	(\$ 1,032)	\$ 3,925
Unrealised exchange loss	1,492	1,322	-	2,814
Expected credit losses	24,111	(910)	-	23,201
Others	12,625	(10,879)	-	1,746
Subtotal	43,647	(10,929)	(1,032)	31,686
Deferred income tax liabilities:				
— Others	-	(11,191)	-	(11,191)
Total	\$ 43,647	(\$ 22,120)	(\$ 1,032)	\$ 20,495

<u>For the year ended December 31, 2020</u>				
	<u>January 1</u>	<u>Recognised in profit or loss</u>	<u>Recognised in other comprehensive income</u>	<u>December 31</u>
Deferred income tax assets:				
— Temporary differences				
Accrued pension liabilities	\$ 2,788	(\$ 81)	\$ 2,712	\$ 5,419
Unrealised exchange loss	930	562	-	1,492
Expected credit losses	17,282	6,829	-	24,111

Others	<u>4,074</u>	<u>8,551</u>	<u>-</u>	<u>12,625</u>
Total	<u>\$ 25,074</u>	<u>\$ 15,861</u>	<u>\$ 2,712</u>	<u>\$ 43,647</u>

D. The Company's income tax returns through 2019 have been assessed and approved by the Tax Authority.

The Company's subsidiary, SYF Information Co., Ltd.'s income tax returns through 2019 have been assessed and approved by the Tax Authority.

(31) Earnings per share

		<u>For the year ended December 31, 2021</u>	
	Amount	Weighted average	Earnings per
	after tax	number of ordinary	Share
		shares outstanding	Share
		(share in thousands)	(in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary			
shareholders of the parent	\$	860,282	289,976 \$
			2.97

		<u>For the year ended December 31, 2020</u>	
	Amount	Weighted average	Earnings per
	after tax	number of ordinary	Share
		shares outstanding	Share
		(share in thousands)	(in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary			
shareholders of the parent	\$	1,070,099	252,799 \$
			4.23

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The Company's parent and ultimate controlling party is Yuanta Financial Holding Co., Ltd., which owns 66.27% of the Company's shares.

(Blank)

(2) The names and relationship of related parties

<u>Names</u>	<u>Relationship with the Group</u>
Yuanta Financial Holdings	The parent company of the Company
Yuanta Bank Co., Ltd.	The same group of enterprises
Yuanta Securities Co., Ltd.	The same group of enterprises
Yuanta Life Insurance Co., Ltd.	The same group of enterprises
Yuanta Securities Investment Trust Co., Ltd.	The same group of enterprises
Yuanta Securities Investment Consulting Co., Ltd.	The same group of enterprises
Yuanta Securities Korea Co., Ltd.	The same group of enterprises
Yuanta Securities (Hong Kong) Co., Ltd.	The same group of enterprises
Yuanta Securities (Vietnam) Co., Ltd.	The same group of enterprises
Funds managed by Yuanta Securities Investment Trust	The funds managed by the same group of enterprises
Yuanta Cultural & Educational Foundation	Related parties in substance
Yuanta Polaries Research	Related parties in substance
Taiwan Securities Association	A director of Yuanta Group acting as its key management (Note)
	Refer to the same enterprise group, parent company, substantial related parties and its major shareholders, key management and its related investment enterprises and other companies or institutions who is also held by the Company's chairman of the
Other	

director or general manager, or have spouse or relatives in the same position.

Note: Taiwan Securities Association is no longer as related party since January 1, 2021.

(3) Significant related party transactions and balances

A. Cash and cash equivalents/ operating guarantee deposits/ customer margin deposits

		<u>December 31, 2021</u>	
	<u>Bank deposits</u>	<u>Operating guarantee deposits</u>	<u>Customer margin deposits</u>
Fellow subsidiary			
Yuanta Bank Co., Ltd.	\$ 3,344,174	\$ 140,000	\$ 16,371,626

		<u>December 31, 2020</u>	
	<u>Bank deposits</u>	<u>Operating guarantee deposits</u>	<u>Customer margin deposits</u>
Fellow subsidiary			
Yuanta Bank Co., Ltd.	\$ 1,338,901	\$ 140,000	\$ 12,347,144

B. Leverage margin contract trading client margin deposits

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Fellow subsidiary		
Yuanta Bank Co., Ltd.	\$ 200,734	\$ 257,218

C. Accounts receivable - related parties

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Fellow subsidiary		
Yuanta Securities Co., Ltd.	<u>\$ 2,002</u>	<u>\$ 3,569</u>

D. Prepayments

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Fellow subsidiary		
Yuanta Life Insurance Co., Ltd.	<u>\$ 1,449</u>	<u>\$ 1,351</u>

E. Other receivables - related parties

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Fellow subsidiary		
Yuanta Bank Co., Ltd.	\$ 4,196	\$ 6,544
Yuanta Securities (Hong Kong) Co., Ltd.	70	166
Yuanta Securities Korea Co., Ltd.	-	1
	<u>\$ 4,266</u>	<u>\$ 6,711</u>

F. Leasing arrangements — lessee

- a. The Group leases buildings from Yuanta Bank Co., Ltd., Yuanta Securities Co., Ltd. and Yuanta Life Insurance Co., Ltd. with a lease term from 2.5 months to 5 years and rents are paid monthly.
- b. Acquisition of right-of-use assets

	<u>For the years ended December 31,</u>	
<u>2021</u>		<u>2020</u>

Fellow subsidiary

Yuanta Bank Co., Ltd.	\$	1,949	\$	-
Yuanta Securities Co., Ltd.		4,089		-
Yuanta Life Insurance Co., Ltd.		-		188,688
	\$	<u>6,038</u>	\$	<u>188,688</u>

c. Rental expense

For the years ended December 31,

2021

2020

Fellow subsidiary

Yuanta Bank Co., Ltd.	\$	16	\$	37
Yuanta Securities Co., Ltd.		39		244
	\$	<u>55</u>	\$	<u>281</u>

d. Lease liabilities

(a) Outstanding balance

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Fellow subsidiary		
Yuanta Bank Co., Ltd.	\$ 7,051	\$ 891
Yuanta Securities Co., Ltd.	-	5,636
Yuanta Life Insurance Co., Ltd.	<u>153,175</u>	<u>188,902</u>
	<u>\$ 160,226</u>	<u>\$ 195,429</u>

(b) Interest expense

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Fellow subsidiary		
Yuanta Bank Co., Ltd.	\$ 26	\$ 14
Yuanta Securities Co., Ltd.	8	129
Yuanta Life Insurance Co., Ltd.	<u>1,083</u>	<u>214</u>
	<u>\$ 1,117</u>	<u>\$ 357</u>

G. Refundable deposits

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Fellow subsidiary		
Yuanta Bank Co., Ltd.	\$ 10,304	\$ 10,199
Yuanta Securities Co., Ltd.	-	5,154

Yuanta Life Insurance Co., Ltd.	6,740	6,991
A director of Yuanta Group acting as its key management		
Taiwan Securities Association	-	300
	<u>\$ 17,044</u>	<u>\$ 22,644</u>

H. Futures traders' equity

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Fellow subsidiary		
Yuanta Bank Co., Ltd.	\$ 84,459	\$ -
Yuanta Securities Co., Ltd.	4,904,272	7,280,656
Yuanta Securities (Hong Kong) Co., Ltd.	132,727	91,086
Yuanta Securities Korea Co., Ltd.	210,502	200,709
Funds managed by fellow subsidiary		
Funds managed by Yuanta Securities Investment Trust	29,244,360	28,223,681
Other related parties	<u>88,823</u>	<u>73,478</u>
	<u>\$ 34,665,143</u>	<u>\$ 35,869,610</u>

I. Accounts payable - related parties

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Fellow subsidiary		
Yuanta Securities Co., Ltd.	<u>\$ 19,749</u>	<u>\$ 23,586</u>

J. Other payables - related parties

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Parent Company		
Yuanta Financial Holdings	\$ 724	\$ 30
Fellow subsidiary		
Yuanta Securities Co., Ltd.	51	186
Yuanta Life Insurance Co.,Ltd	1,040	-
Other related parties	27	9
	<u>\$ 1,842</u>	<u>\$ 225</u>

K.Brokerage

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Fellow subsidiary		
Yuanta Bank Co., Ltd.	\$ 551	\$ 22
Yuanta Securities Co., Ltd.	87,986	100,481
Yuanta Securities (Hong Kong) Co., Ltd.	8,768	3,980
Yuanta Securities Korea Co., Ltd.	2,047	4,121
Funds managed by fellow subsidiary		
Funds managed by Yuanta Securities		
Investment Trust	134,998	140,818
Other related parties	8,662	6,723
	<u>\$ 243,012</u>	<u>\$ 256,145</u>

L.Dividend income

For the years ended December 31,

	<u>2021</u>	<u>2020</u>
Funds managed by fellow subsidiary		
Funds managed by Yuanta Securities		
Investment Trust	\$	- \$
		<u>873</u>

M.Securities commissions revenue

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Fellow subsidiary		
Yuanta Securities Co., Ltd.	\$	\$
	<u>19,880</u>	<u>7,972</u>

N.Clearance fee from consignment

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Fellow subsidiary		
Yuanta Securities Co., Ltd.	\$	\$
	<u>26,736</u>	<u>35,487</u>

O.Futures advisory revenue

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Fellow subsidiary		
Yuanta Securities Co., Ltd.	\$	\$
	<u>88</u>	<u>93</u>

P.Other operating revenue- Co-marketing revenue

For the years ended December 31,

	<u>2021</u>	<u>2020</u>
Fellow subsidiary		
Yuanta Bank Co., Ltd.	\$ -	\$ 1
Yuanta Securities Investment Trust Co., Ltd.	1	1
	<u>\$ 1</u>	<u>\$ 2</u>

Q.Futures commissions expense and consigned/entrusted foreign futures trading commissions

For the years ended December 31,

	<u>2021</u>	<u>2020</u>
Fellow subsidiary		
Yuanta Securities Co., Ltd.	\$ 303,403	\$ 284,601
Yuanta Securities (Vietnam) Co., Ltd.	57	1
	<u>\$ 303,460</u>	<u>\$ 284,602</u>

The Group engaged with Yuanta Securities Co., Ltd. and Yuanta Securities (Vietnam) Co., Ltd., for the purpose of futures trading and consigned/entrusted foreign futures trading, that is, the Group acts as an agent for trading of futures contracts and futures option contracts for its customers. The futures commission expense and payment terms do not have any significant difference between related parties and non-related parties.

R.Service fees

For the years ended December 31,

	<u>2021</u>	<u>2020</u>
Fellow subsidiary		
Yuanta Securities Investment Consulting Co., Ltd.	\$ 3,600	\$ 3,600
Yuanta Securities Co., Ltd.	1,874	1,748
	<u>\$ 5,474</u>	<u>\$ 5,348</u>

S. Interest income

	<u>For the years ended December 31,</u>			
	<u>2021</u>		<u>2020</u>	
Fellow subsidiary				
Yuanta Bank Co., Ltd.	\$	91,939	\$	125,624
Yuanta Securities Co., Ltd.		19		54
Yuanta Life Insurance Co., Ltd.		53		18
Yuanta Securities (Hong Kong) Co., Ltd.		11		-
Yuanta Securities (Vietnam) Co., Ltd.		45		-
A director of Yuanta Group acting as its key management				
Taiwan Securities Association		-		3
	<u>\$</u>	<u>92,067</u>	<u>\$</u>	<u>125,699</u>

Interest income includes the interest from demand deposits, time deposits, margin deposits, and operating guarantee deposits. See Note 6(6) for details of operations guarantee deposits.

T. Interest expense

	<u>For the years ended December 31,</u>			
	<u>2021</u>		<u>2020</u>	
Fellow subsidiary				
Yuanta Bank Co., Ltd.	\$	5	\$	4
Yuanta Securities (Hong Kong) Co., Ltd.		-		56
Yuanta Securities Co., Ltd.		935		1,522
Yuanta Securities Korea Co., Ltd.		6		74
Yuanta Life Insurance Co., Ltd.		53		18

Funds managed by fellow subsidiary

Funds managed by Yuanta

Securities Investment Trust

	1,952	11,708
\$	2,951	\$ 13,382

U. Donation expenditure

For the years ended December 31,

	<u>2021</u>	<u>2020</u>
Yuanta Cultural & Education Foundation \$	4,000 \$	2,750
Yuanta Polaris Research	1,050	1,190
\$	5,050 \$	3,940

V. Property transactions

December 31, 2021

December 31, 2020

Acquisition of financial assets

Funds managed by fellow subsidiary

Funds managed by Yuanta

Securities Investment Trust

\$	- \$	1,349
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The gains (losses) on disposal of funds managed by fellow subsidiary were \$6,964 and (\$9,755) for the years ended December 31, 2021 and 2020, respectively.

In the year 2021, the Company sold transportation equipment to Yuanta Securities Co., Ltd., the disposal price was \$405, and gains on disposal was \$347.

In the year 2020, the Company purchase transportation equipment from Yuanta Securities Co., Ltd. and Yuanta Bank. The price of the transportation equipment were \$590 and \$850, respectively, and classified as equipment.

(4) Key management compensation

<u>For the years ended December 31,</u>			
	<u>2021</u>		<u>2020</u>
Salaries and other short - term employee benefits \$	232,224	\$	204,828
Post-employment benefits	4,802		5,750
Other long-term benefits	1,923		1,896
Total	<u>\$ 238,949</u>	<u>\$</u>	<u>212,474</u>

8. PLEDGED ASSETS

None.

9. SIGNIFICANT COMMITMENTS AND CONTINGENT LIABILITIES

As of December 31, 2021, the amount for the contracts of capital expenditures signed by the Group is \$355,485. Based on the contracts, the amount that had been paid is \$143,444 and the amount that was not yet paid is \$212,041.

10. SIGNIFICANT LOSS FROM NATURAL DISASTER

None.

11. DERIVATIVE INSTRUMENT TRANSACTIONS

The Group had derivative financial instrument trading as follows:

December 31, 2021

<u>Open Interest</u>						
			Number of			
<u>Item</u>	<u>Object of transaction</u>	<u>Buyer /Seller</u>	<u>contract(s)</u> <u>(lot)</u>	<u>Margin paid</u> <u>(received)</u>	<u>Fair</u> <u>value</u>	<u>Remarks</u>
Futures contracts TX		Buyer	4	\$ 14,533	\$ 14,567	
(Domestic)	MTX	Buyer	6	5,484	5,467	
	MTX	Seller	27	(24,574)	(24,582)	
	Stock Futures	Buyer	462	133,635	135,388	
	Stock Futures	Seller	1,045	(221,912)	(225,729)	
	TF	Buyer	1	1,714	1,714	
Futures contracts Energy Futures		Seller	2	(4,180)	(4,164)	
(Overseas)	Metal Futures	Buyer	2	990	1,012	
	Index Futures	Buyer	5	17,067	17,039	
	Index Futures	Seller	5	(20,604)	(20,567)	
	Foreign Exchange	Buyer	15	41,809	41,595	
Option contracts TXO		Buy call	45	589	780	
(Domestic)	TXO	Buy put	48	514	439	
	TXO	Sell call	48	(575)	(611)	
	TXO	Sell put	45	(516)	(315)	

Note: The Group does not have any derivative financial instruments for hedging purpose.

December 31, 2020

		<u>Open Interest</u>					
<u>Item</u>	<u>Object of transaction</u>	<u>Buyer /Seller</u>	<u>Number of contract(s) (lot)</u>	<u>Margin paid (received)</u>		<u>Fair value</u>	<u>Remarks</u>
Futures contracts	TX	Buyer	33	\$	95,894	\$	96,875
(Domestic)	TX	Seller	6	(	17,374)	(	17,614)
	MTX	Buyer	252		183,531		185,025
	MTX	Seller	29	(	21,205)	(	21,308)
	Stock Futures	Buyer	1,828		248,998		275,474
	Stock Futures	Seller	1,664	(	111,447)	(	117,229)
	TE	Buyer	4		11,457		11,477
	TF	Seller	4	(	4,994)	(	5,114)
	Index Futures	Seller	30	(	28,215)	(	28,815)
Futures contracts	Grain Futures	Buyer	1		469		494
(Overseas)	Energy Futures	Buyer	5		8,118		8,129
	Index Futures	Buyer	28		66,885		67,438
	Index Futures	Seller	9	(	19,520)	(	19,509)
	Foreign Exchange	Buyer	9		25,778		25,709
	Foreign Exchange	Seller	9	(	25,776)	(	25,684)
	Metal Futures	Buyer	16		17,855		18,369
	Metal Futures	Seller	9	(	29,071)	(	32,535)
Option contracts	TXO	Buy call	60		949		1,411
(Domestic)	TXO	Buy put	396		2,493		1,588
	TXO	Sell call	372	(	6,995)	(	8,687)

	TXO	Sell put	62 (	196) (	116)
	Stock Options	Buy call	66	300	569
	Stock Options	Buy put	132	667	301
	Stock Options	Sell call	272 (	2,928) (	4,174)
	Stock Options	Sell put	20(	82)(	44)
	TEO	Sell call	20 (	205) (	311)
	TFO	Buy call	20	173	297
Option contracts	TGO	Sell call	4 (	232) (	321)
(Overseas)					

Note: The Group does not have any derivative financial instruments for hedging purpose.

12. RESTRICTIONS AND ENFORCEMENT OF THE COMPANY'S VARIOUS FINANCIAL RATIOS UNDER R.O.C. FUTURES COMMISSION MERCHANTS LAWS

According to Regulations Governing Futures Commission Merchants

Article	Calculation formula	December 31, 2021		December 31, 2020		Standard	Enforcement (Note 3)
		Calculation	Ratio	Calculation	Ratio		
17	<i>Equity</i>	12,349,898	5.07	11,858,562	9.20	≥ 1	Satisfied
	<i>(Total liabilities – Future traders' equity)</i>	2,434,221		1,289,338			
17	<i>Current assets</i>	90,816,473	1.11	91,215,855	1.09	≥ 1	Satisfied
	<i>Current liabilities</i>	81,596,771		83,636,571			
22	<i>Equity</i>	12,349,898	1165.08%	11,858,562	1118.73%	$\geq 60\%$	Satisfied
	<i>Minimum paid – in capital (Note 1)</i>	1,060,000		1,060,000		$\geq 40\%$ (Note 2)	
22	<i>Adjusted net capital</i>	10,619,823	64.72%	8,480,028	54.56%	$\geq 20\%$	Satisfied
	<i>Total margin deposit required for futures traders, not yet off-set</i>	16,408,186		15,541,267		$\geq 15\%$	

Note 1: "Minimum paid-in capital" shall be in compliance with futures commission merchants standard set of capital amount or designated appropriation of operating capital amount.

Note 2: For the entrusted foreign futures trading of foreign futures merchants, the standard ratios (equity / minimum paid-in capital) are adjusted to 50% and 30%, respectively.

Note 3: "Enforcement" column shall state whether or not the financial ratio requirements are satisfied; if not, an explanation is needed to be filed with a specific appointed institution or establish an improvement plan.

13. SPECIFIC INHERENT RISKS IN OPERATING AS FUTURES DEALER

- (1) Credit risk is the main risk for engaging in futures brokerage business since the Group must demand collecting trading margin deposits from customers. The credit risk occurs when the customers fail to pay margin deposits. The Group acts as agents for trading futures and options contracts and should pay attention to daily margin credit as to control credit risk. Market risk is also noted in the industry due to dealer business. Dealer business is price index sensitive, therefore, the Group pre-sets stop loss point for risk management purposes.
- (2) The specific risks of the Group's futures brokerage business are outlined below:

Futures trading has a characteristic of low margin. Therefore, the risks of futures trading include: when the futures market trend is unfavorable for customers, futures firms may demand to collect additional trading margin deposits from customers to keep certain margin level. If the customers fail to pay margin deposits in a period prescribed, futures firms have the right to offset the contract amount of the customers by the additional margin deposits demanded. Further, futures firms may incur losses when futures market prices fluctuate drastically and the customers are unable to settle futures contracts.
- (3) See Note 21 for significant financial risk information on futures dealer business.

14. SEGMENT INFORMATION

- (1) General information – type of product and service of reporting segments' income source

Management has determined the operating segments based on the reports reviewed by the Chief Operating Decision-Maker, i.e. Board of Directors, that are used to make strategic decisions. The Chief Operating Decision-Maker considers the source of income, and the Group's operating segments are divided into broker and dealer. The primary source of income by each segment is as follows:

Broker: Consigned and entrusted with the trading of domestic and foreign futures, listed securities, securities trading auxiliary business approved by competent authorities in R.O.C and futures consulting business, etc.

Dealer: Used capital funds to engage in the trading of domestic and foreign futures, securities, research and development of dealing information systems and leverage margin contract trading business approved by competent authorities in R.O.C.

- (2) Measurement of segment information

A. Information on segment profit (loss); measurement of assets and liabilities

Measurement of profit (loss), assets and liabilities of the Group are consistent with Note 4 – Summary of significant accounting policies. Measurement of profit (loss) performance is based on income before tax.

In order to establish a fair and reasonable performance evaluation, the Group would offset the income and expense incurred internally from each segment for external financial reporting purposes.

Income and expense are classified directly to the segment where they belong to. For expense incurred indirectly, it will consider its classification based on the usage purpose by proportionally dividing into each segment when a reasonable rate can be assigned. Otherwise, it will be classified as "Other operating segment"

when a reasonable rate cannot be assigned.

B. Identifying factors for reportable segments

The measurement of segment performance will be evaluated periodically to ensure that it achieves the goals of the Group. The results of its evaluation will be used as the framework for resource allocation.

(3) Information on segment profit (loss)

For the year ended December 31, 2021

	<u>Brokerage segment</u>	<u>Dealing segment</u>	<u>Other operating segment</u>	<u>Total</u>
Segment revenue	\$ 3,757,069	\$ 131,631	(\$ 9)	\$ 3,888,691
Segment profit	\$ 1,210,810	(\$ 4,088)	(\$ 157,762)	\$ 1,048,960

For the year ended December 31, 2020

	<u>Brokerage segment</u>	<u>Dealing segment</u>	<u>Other operating segment</u>	<u>Total</u>
Segment revenue	\$ 3,709,935	\$ 167,632	\$ 58	\$ 3,877,625
Segment profit	\$ 1,412,810	\$ 54,062	(\$ 141,292)	\$ 1,325,580

Note: The Group's Chief Operating Decision-Maker does not use segment assets and liabilities as a basis for decision making, therefore, the Group does not have to disclose the assets and liabilities of the operating segments.

(4) Information on products and services

The Group's reportable segments are based on different products and services with disclosure of general information about types of products and services of the reportable segments' income sources.

(5) Geographical information

There is no requirement for additional disclosure because no income from single foreign country is material to the Group's revenue.

(6) Major customer information

There is no requirement for additional disclosure because no single customer accounted for 10% or more of the Group's operating revenues for the current period.

15. SUBSEQUENT EVENTS

On June 30, 2021, to streamline organization structure, the Board of Directors of the Company approved to liquidate SYF Information (Shanghai) Limited. The liquidation had been approved by the competent authority on July 12, 2021. The local competent authority approved the liquidation on February 14, 2022, and the process is still ongoing.

16. RELATED INFORMATION OF SIGNIFICANT TRANSACTIONS

- (1) Financing activities to any company or person: None.
- (2) Endorsements and guarantees provided: None.
- (3) Acquisition of real estate properties exceeding \$300 million or 20% of the Company's paid-in capital: None.
- (4) Disposal of real estate properties exceeding \$300 million or 20% of the Companies' paid-in capital: None.
- (5) Handling fee discounts on transactions with related parties in excess of NT\$5,000,000 : None.
- (6) Accounts receivable from related parties reaching \$100 million or over 20% of paid-in capital balance: None.
- (7) Other: Significant transactions between parent company and subsidiaries:

(Blank)

No.

(Note 1) Company Counterparty Relationship

(Note 2) Details of transactions Percentage (%) of total consolidated

revenues or assets	Account	Amount	Conditions	0	Yuanta Futures Co., Ltd.	Yuanta Futures (Hong Kong) Co., Ltd.	1	Cash	15,631	No significant difference
from general customers.	0.02%	0	Yuanta Futures Co., Ltd.	Yuanta Futures (Hong Kong) Co., Ltd.	1	Margin deposit		519,977	No significant difference	
from general customers.	0.53%	0	Yuanta Futures Co., Ltd.	Yuanta Futures (Hong Kong) Co., Ltd.	1	Futures traders' equity		165,748	No significant difference	
from general customers.	0.17%	0	Yuanta Futures Co., Ltd.	Yuanta Futures (Hong Kong) Co., Ltd.	1	Brokerage		936	No significant difference	
from general customers.	0.02%	0	Yuanta Futures Co., Ltd.	Yuanta Futures (Hong Kong) Co., Ltd.	1	Futures commission		7,942	No significant difference	
from general customers.	0.20%	0	Yuanta Futures Co., Ltd.	Yuanta Futures (Hong Kong) Co., Ltd.	1	Interest income		210	No significant difference	
from general customers.	0.01%	0	Yuanta Futures Co., Ltd.	Yuanta Futures (Hong Kong) Co., Ltd.	1	Interest expense		2	No significant difference	
from general customers.	0.00%	1	Yuanta Futures (Hong Kong) Co., Ltd.	Yuanta Futures Co., Ltd.	2	Cash	19,096		No significant difference	
from general customers.	0.02%	1	Yuanta Futures (Hong Kong) Co., Ltd.	Yuanta Futures Co., Ltd.	2	Margin deposit		145,652	No significant difference	
from general customers.	0.15%	1	Yuanta Futures (Hong Kong) Co., Ltd.	Yuanta Futures Co., Ltd.	2	Futures traders' equity		535,608	No significant difference	
from general customers.	0.55%	1	Yuanta Futures (Hong Kong) Co., Ltd.	Yuanta Futures Co., Ltd.	2	Brokerage		7,942	No significant difference	

from general customers. 0.20%	1 Yuanta Futures (Hong Kong) Co., Ltd. Yuanta Futures Co., Ltd. 2 Futures commission	936	
No significant difference			
from general customers. 0.02%	1 Yuanta Futures (Hong Kong) Co., Ltd. Yuanta Futures Co., Ltd. 2 Interest income	2	No
significant difference			
from general customers. 0.00%	1 Yuanta Futures (Hong Kong) Co., Ltd. Yuanta Futures Co., Ltd. 2 Interest expense	210	No
significant difference			
from general customers. 0.01%	<p>Note 1: The numbers in the No. column represent as follows: 1. 0 for the parent company. 2.</p> <p>According to the sequential order, subsidiaries are numbered from 1. Note 2: There are three types of relationships with the counterparties and</p> <p>they are labeled as follows: 1. Parent company to subsidiary. 2. Subsidiary to parent company. 3. Subsidiary to subsidiary.</p>		

17. INFORMATION ON INVESTEEES

(1) Names of investee companies, locations, and related information are as follows:

Investor	Investee	Location	Set up date	FSC Approved Number	Main business activities	Initial investment amount		Shares held as at December 31, 2021			Operating revenue of the investee	Net income (loss) of the investee	Investment income (loss) recognised by the Company	Cash dividend for the current period	Note
						Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares (in thousands)	Ownership (%)	Book value					
Yuanta Futures Co., Ltd.	Yuanta Futures (Hong Kong) Co., Ltd.	Hong Kong	2010.12.2	Gin-Gwen-Zheng-Qi Letter No. 0990055943	Financial Services	1,033,971	1,033,971	34,000	100.00%	855,254	\$ 115,261	(\$38,209)	(\$38,209)	-	Subsidiaries
Yuanta Futures Co., Ltd.	SYF Information Co., Ltd.	Taiwan	2012.11.9	Gin-Gwen-Zheng-Qi Letter No. 1010035210	Information Technology Services	350,000	350,000	35,000	100.00%	286,527	-	5,127	5,127	-	Subsidiaries

(2) Information on investee companies with direct or indirect controlling interest is as follows:

- A. Financing activities to any company or person: None.
- B. Endorsements and guarantees provided: None.
- C. Acquisition of real estate properties exceeding \$300 million or 20% of the Company's paid-in capital: None.
- D. Disposal of real estate properties exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Handling fee discounts on transactions with related parties in excess of \$5 million : None.

F. Accounts receivable from related parties reaching \$100 million or over 20% of paid-in capital: None.

G. Other: Significant transactions between parent company and subsidiaries: None.

18. DISCLOSURE OF INFORMATION ON SETTING UP BRANCH OFFICES AND REPRESENTATIVE

None.

19. DISCLOSURE OF INFORMATION ON INDIRECT INVESTMENT IN MAINLAND CHINA

(1) Basic information:

Name of investee in Mainland China	Main business activities	Issued capital	Investment method (Note 1)	Beginning balance of foreign investment from Taiwan	Investment movement within this period Invested amount Returned amount	Ending balance of foreign investment from Taiwan	Net income (loss) of the investee	Percentage of direct or indirect investment holding (%)	Gain (loss) recognised during the period (Note 2) (2.C)	Book value as of December 31, 2021	Accumulated gain returned at end of period
SYF Information (Shanghai) Limited	Research & development and production of computer software, etc.	\$157,209	(3)	\$157,209	\$ - \$ -	\$157,209	(\$356)	100	(\$356)	\$113,698	-
Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021				157,209	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)			174,000	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA		
\$					\$				\$7,409,939		

Note 1: Investment types are categorized into three sub-sections, as follows:

- (1) Direct investment in entities of Mainland China.
- (2) Reinvest in entities of Mainland China through indirect investment in the third place.
- (3) Through a subsidiary to invest in a company in Mainland China.

Note 2: In the 'Gain (loss) recognised during the period' column:

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

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

- (2) Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas: None.
- (3) On June 30, 2021, to streamline organization structure, the Board of Director of Yuanta Futures approved to liquidates SYF Information (Shanghai) Limited. The liquidation had been approved by the competent authority on July 12, 2021. The local competent authority approved the liquidation on February 14, 2022, and the process is still ongoing.

20. MAJOR SHAREHOLDERS INFORMATION

Futures commission merchants, whose stocks are listed for trading on the stock exchange or over-the-counter exchange, shall disclose the name, the number of shares held and shareholding ratio of the shareholders with a shareholding ratio of 5 percent or greater.

Major Shareholder	Number of shares held (thousands)	Shareholding ratio
Shares		
Yuanta Financial Holdings Co.,Ltd.	192,167	66.27%
Cathay Life Insurance Co.,Ltd.	23,998	8.27%
Luo Sheng Fong Co., Ltd.	17,711	6.10%

21. FINANCIAL RISK MANAGEMENT

(1)Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group adopted to strengthen risk-adjusted return on capital, which allocated the Group's capital effectively.

(2)Financial instruments

The methods of reporting derivative financial instruments on financial statements: please refer to the Notes 6(1), 6(2) and 6(23).

(3)Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Inputs that are quoted prices (unadjusted) in active markets for identical assets or liabilities. An active market has to satisfy all the following conditions: a market in which transactions for the asset or liability take place with sufficient frequency and

volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks, beneficiary certificates and derivative instruments with quoted market prices is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data. The fair value of the Group's investment in equity investment without active market is included in Level 3.

B. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, margin deposits, futures trading margin receivable, security leading deposits, accounts receivable, accounts receivable – related parties, other receivable, other receivables – related parties, leverage margin contract trading client margin deposits, other current assets, operating guarantee deposits, clearing and settlement funds, refundable deposits, futures traders' equity, leverage margin contract transaction traders' equity, accounts payable, accounts payable – related parties, other payables, other payables – related parties and other current liabilities are approximate to their fair values.

C. The related information of financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities as at December 31, 2021 and 2020 is as follows:

December 31, 2021	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Assets</u>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through				
profit or loss				
Listed stocks	\$ 231,793	\$ -	\$ -	\$ 231,793
Futures	16,992	-	-	16,992
Options	1,219	-	-	1,219
Derivatives Assets - Leverage				
margin contract transaction	-	36,525	-	36,525
Financial assets at fair value through				
other comprehensive income				

Equity securities	<u>933,305</u>		<u>-</u>		<u>1,806,258</u>		<u>2,739,563</u>
Total	<u>\$ 1,183,309</u>	#	<u>\$ 36,525</u>	#	<u>\$ 1,806,258</u>	#	<u>\$ 3,026,092</u>

Liabilities

Recurring fair value measurements

Financial liabilities at fair value through

profit or loss

Options	<u>\$ 926</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 926</u>
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December 31, 2020	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Assets</u>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through				
profit or loss				
Listed stocks	\$ 178,080	\$ -	\$ -	\$ 178,080
Beneficiary certificates	667,815	-	-	667,815
Futures	72,347	-	-	72,347
Options	4,166	-	-	4,166
Derivatives Assets - Leverage				
margin contract transaction		- 13,537	-	13,537
Financial assets at fair value through				
other comprehensive income				

Equity securities	<u>759,128</u>		<u>-</u>	<u>1,514,827</u>	<u>2,273,955</u>
Total	<u>\$ 1,681,536</u>	#	<u>\$ 13,537</u>	# <u>\$ 1,514,827</u>	# <u>\$ 3,209,900</u>

Liabilities

Recurring fair value measurements

Financial liabilities at fair value through

profit or loss

Options	\$ 13,653	\$ -	\$ -	\$ 13,653
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Security borrowing payable -

non-hedging	<u>207,340</u>	<u>-</u>	<u>-</u>	<u>207,340</u>
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Total	<u>\$ 220,993</u>	#	<u>\$ -</u>	# <u>\$ -</u>	<u>\$ 220,993</u>
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D. The methods and assumptions the Group used to measure fair value are as follows:

- (A) The fair value of financial instruments traded in active markets is based on quoted market prices at the consolidated balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the closing price. These instruments are included in level 1. Instruments included in level 1 comprise primarily equity instruments and debt instruments classified as financial assets/financial liabilities at fair value through profit or loss, or financial assets at fair value through other comprehensive income.
- (B) The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- (C) If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.
- (D) Specific valuation techniques used to value financial instruments include:

a. Quoted market prices or dealer quotes for similar instruments.

b. Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

E. For the years ended December 31, 2021 and 2020, there were no transfer between Level 1 and Level 2.

F. The following table presents the changes in level 3 instruments for the years ended December 31, 2021 and 2020.

	<u>Equity securities</u>	
January 1, 2021	\$	1,514,827
Gains and losses recognised in other comprehensive income (Note)		<u>291,431</u>
December 31, 2021	<u>\$</u>	<u>1,806,258</u>
	<u>Equity securities</u>	
January 1, 2020	\$	1,518,539
Gains and losses recognised in other comprehensive income (Note)		<u>(3,712)</u>
December 31, 2020	<u>\$</u>	<u>1,514,827</u>

Note: Recorded as unrealised valuation gain or loss on financial assets at fair value through other comprehensive income.

G. The following is the quantitative information of significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	<u>Fair value at</u>	<u>Valuation</u>	<u>Significant</u>	<u>Range (weighted</u>	<u>Relationship of</u>
	<u>December 31, 2021</u>	<u>technique</u>	<u>unobservable input</u>	<u>average)</u>	<u>inputs to fair value</u>
Non-derivative equity					

Non-listed stocks	\$	1,806,258	Market multiplier approach	Discount of marketability	40%	The higher the discount of marketability, the lower the fair value
	<u>Fair value at</u> <u>December 31, 2020</u>		<u>Valuation</u> <u>technique</u>	<u>Significant</u> <u>unobservable input</u>	<u>Range (weighted</u> <u>average)</u>	<u>Relationship of</u> <u>inputs to fair value</u>
Non-derivative equity						
Non-listed stocks	\$	1,514,827	Market multiplier approach	Discount of marketability	40%	The higher the discount of marketability, the lower the fair value

- H. The valuation process for fair values classified at Level 3 is the responsibility of the risk management department, which verifies the financial instrument's fair value. The result of the evaluation is then reviewed and approved by the risk management department of the Group's parent company. The risk management department evaluates the independence, reliability, consistency, and representativeness of the information source, and periodically verifies the valuation model and calibrates the valuation parameters, ensuring the valuation process and valuation results are in accordance with IFRS's requirements.
- I. Use of different valuation models or assumptions may result in difference measurement. The following is the effect of other comprehensive income from financial instruments categorized within Level 3 if the valuation input of financial instrument classified in Level 3 moves upward or downward by 1%:

	<u>December 31, 2021</u>	
	<u>Recognised in other comprehensive income</u>	
	<u>Favourable change</u>	<u>Unfavourable change</u>
Financial assets		

Equity instrument	\$ <u>7,741</u>	(\$ <u>7,741</u>)
	<u>December 31, 2020</u>	
	<u>Recognised in other comprehensive income</u>	
	<u>Favourable change</u>	<u>Unfavourable change</u>
Financial assets		
Equity instrument	\$ <u>5,050</u>	(\$ <u>5,050</u>)

(4) System of risk management

A. Objectives of risk management

The Group controls any potential losses that might incur in operations within its tolerable limits by increasing completeness of risk management mechanism, establishing efficient risk management measures, models and systems, and monitoring the changes of whole risks strictly.

B. Risk management system

The Group's risk management system is in compliance with the "Risk Management Policy" of Yuanta Financial Holding Co., Ltd. and "Risk Management Practice Principles for Futures Commission Merchants" of Taiwan Futures Exchange. The Group has established the Risk Management Policy, which is the internally highest risk management standard authorized by the Board of Directors, comprising objectives, scopes, powers and responsibilities, and procedures of risk management.

C. Organizational structure of risk management

(A) The Group's organizational structure of risk management comprises the Board of Directors, Audit Committee, high management level, Risk Management Department, Legal Compliance Department, Auditing Office, each business unit and each functional committee; they all together form three lines of defense for risk management.

a. First line of defense: this includes each business unit and each functional committee, whose personnel are serving in the operational or administration division and have responsibilities for risk identification, risk assessment and risk control.

- b. Second line of defense: this includes high management level, Risk Management Department and Legal Compliance Department, which are responsible for risk monitoring, risk management and taking measures in response to risk issues in accordance with the Group's Risk Management Policy. The Group also takes part in the Risk Management Committee of Yuanta Financial Holding Co., Ltd. for integration of risk control and management in the Group.
 - c. Third line of defense: this includes the Board of Directors, Audit Committee and Auditing Office. Auditing Office conducts audits especially in the risk consideration to ensure every risk is under control.
- (B) The function of each unit in the structure of risk management of the Group is as follows:
- a. The Board of Directors: The Board of Directors has ultimate responsibility for risk management on all businesses and operations in the Group; it shall be fully aware of every risk exposure to the Group, and then determines tolerable limit for every risk, allocates resources effectively, and authorizes relevant departments to execute risk measures for the achievement of effective risk management. The Board of Directors reviews risk management and other related reporting by Risk Management Department, Auditing Office and Finance Department regularly to evaluate the impact of every risk and the impact on capital allocation, and determines responding strategies.
 - b. Audit Committee: Audit Committee directs the execution of the risk management system under the commission of the Board of Directors; its main duties include review of the Group's risk scopes and risk toleration capability, of the Risk Management Policy and relevant principles, and of annual authorized acceptable limit of risk of each kind, as well as directing the execution of the risk management system.
 - c. Risk Management Department: this department, an independent department under the Board of Directors, is responsible for market risk, liquidity risk and credit risk management, and controls operational risk with Auditing Office together; its main duties include daily risk monitoring and assessments of risk management affairs. Risk Management Department exercises its authority independently from business units and trading activities, and holds accountability to the Board of Directors directly. By employing the risk management information system, Risk Management Department checks the use status of risk limits authorized to each business unit, and assesses risk exposures and extent of risk concentration, and submits risk management reports regularly.
 - d. Auditing Office: Auditing Office, an independent department under the Board of Directors, is responsible for legislation and internal control system compliance management, operational risk management and supervision of operational risk management procedures. In accordance with the internal control rules of regulatory authorities, and adjusted operational risk management procedures appropriately in line with the amendments to the regulations of regulatory authorities, Taiwan Futures Exchange and Chinese National Futures Association or for the changes in the Group's business.

- e. Legal Compliance Department: this department is responsible for review of legal compliance for the Group's businesses, operations, trading and transaction contracts/documents and offering legal options on those aspects and pushing the execution of legal compliance within the Group together with Auditing Office.
- f. Each business unit: Each business unit is liable for the first-line risk management. The directors of each business unit are in charge of the whole risk management on businesses and trading activities of the unit, including analyzing and controlling risk exposures, drawing up responding plans and taking measures against risk when necessary, and also conveying related information to Risk Management Department to ensure the risk control mechanism and procedures are all effectively executed, and comply with the legislation and the Group's Risk Management Policy and regulations.

D. Procedures of risk management

The Group's procedures of risk management include risk identification, risk measurement, risk management and risk reporting. The design of these procedures is to ensure all risks faced by the Group can be effectively controlled.

- (A) Risk identification: The Group identifies risks, through business and product analyses, that may arise during the courses of operations, including market risk, credit risk, liquidity risk, operational risk, legal risk and model risk, and finds out risk factors of risk exposure of each kind, selects appropriate method of risk measurement, and establishes risk indexes and judgment principles and risk control procedures that can be connected to the internal information system.
- (B) Risk measurement: The Group measures market risk by using scenario analysis, sensitivity analysis and VaR model and credit risk by using the credit rating system, option pricing model and following the Group's credit risk assessment rules. Operational risk is controlled by establishing standard operating procedures, establishing internal and external event notification mechanism, reviewing current operating procedures and employing operational risk management methods.
- (C) Risk management: Risk monitoring and control are performed through the establishment of acceptable limits of risks and division of authority and responsibilities. Different risk management tools and information systems and statements are developed and employed for different risks to raise the efficiency and quality of risk management.
- (D) Risk reporting: Risk information and risk management performing results are compiled as risk management statements or reports. These results are disclosed periodically and provided as a reference to the management in making risk management policy and rules.

E. Hedging and risk diminishing strategies

The Group uses hedging tools and hedging mechanisms for risks of each business based on its capital scale and risk toleration capability. Through hedging mechanisms, the Group may restrict risks within authorized limits, and employ authorized financial instruments, based on market conditions, business strategies, characteristics of commodities and risk management rules, to adjust risk

positions within acceptable levels.

F. The impact of COVID-19

According to Gin-Gwen-Zhang-Quan Letter No. 1090362692 and IASB, the Group has conducted an assessment of COVID-19 related implications regarding impairment and valuation of financial instruments and disclosures. The scope of assessment entailed (1) the Group's ability to continue as a going concern, (2) impairment of non-financial instruments, (3) financing risk, (4) the risk assessment and ongoing monitoring of bond investment and its expected credit loss. The COVID-19 pandemic had no impact on the Group based on its assessment. However, the Group will keep track of the development of the COVID-19 pandemic, as well as assess the significant impact on the Group's financial condition and financial performance and manage it accordingly.

(5) Market risk

The Group's financial assets include bank deposits, other short-term notes and bills authorized by Ministry of Finance, domestic listed stocks, securities investment trust funds, offshore funds authorized by competent authorities to be raised and sold in ROC, futures trust funds, futures trading listed in Article 5 of Futures Trading Act, and other financial instruments authorized by competent authorities. The fair value of these financial assets would be changed by the fluctuations of market prices or interest rates.

To manage market risk, the Group has established the Rules of Financial Instruments Investment Risk Management, and established various control mechanisms based on the characteristics of financial instrument risks, such as position limits, profit and loss limits, and special authorization. The Group also conducts market risk quantitative management by employing VaR model in the measurement and control of market risk of each position.

Through the VaR model, the Group measures market risk by estimating maximum possible losses of the trading positions for the next day at the 99% confidence level. According to the types of trading, the VaR of equity trading, commodity trading, foreign-exchange-rate trading and interest-rate trading are as follows:

<Table>VaR of Trading of Different Types

Period: January 1 ~ December 31, 2021

Amount in thousands of NTD

<u>Type of Trading</u>	<u>Equity</u>	<u>Commodity</u>	Foreign <u>Exchange Rate</u>	<u>Interest Rate</u>	<u>Total</u>
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December 31, 2021	\$	6,643	\$	206	\$	206	\$	-	\$	6,281
Average		2,884		307		378		-		2,908
Lowest		283		1		199		-		461
Highest		23,814		1,391		739		-		23,743

Period: January 1 ~ December 31, 2020

Amount in thousands of NTD

<u>Type of Trading</u>	<u>Equity</u>	<u>Commodity</u>	Foreign		<u>Interest Rate</u>	<u>Total</u>		
			<u>Exchange Rate</u>					
December 31, 2020	\$	4,509	\$	794	\$	715	\$	- \$ 4,743
Average		4,292		321		478		- 4,211
Lowest		521		2		270		- 590
Highest		49,719		1,538		1,676		- 48,760

Note 1 : Trading included futures dealer trading and securities dealer trading but not including medium and long-term securities investment.

Note 2 : Total category of value-at-risk may be less than the amount of value-at-risk of equity, commodity, foreign exchange rate and interest rate, that is due to diversification effects between different categories.

To ensure that the VaR model can reasonably, completely and correctly measure the maximum potential risk of the financial instrument or portfolio, the Group continues to run model validation and back testing to ensure that the Group's VaR model can reasonably measure maximum potential losses of financial instruments or portfolios.

(6) Credit risk

A. The Group is exposed to credit risk from financial trading, including issuer credit risk, counterparty credit risk and underlying asset credit risk.

(A) Issuer credit risk occurs when issuer (or guarantor) of the financial debt instruments held by the Group or bank with which the

Group deposits money fails to fulfill contractual obligations (or guarantor's obligations) because of its default, bankruptcy or liquidation, which would cause a financial loss to the Group.

(B)Counterparty credit risk occurs when counterparty of the financial instrument transaction undertaken by the Group fails to fulfill settlement or payment obligation on the appointed day, which would cause a financial loss to the Group.

(C)Underlying asset credit risk refers to the risk of loss that may arise from deterioration of credit quality of the underlying asset linked to the financial instruments or increasing of credit risk premium or downgrade of credit rating or contract default.

B. The financial assets of the Group with credit risk include bank deposits, OTC derivative trade, repurchase agreement/reverse repurchase agreement of bonds (bills), deposits for securities borrowing and lending trade, margins for futures trade, other refundable deposits¹ and receivables².

(A) Analysis of concentration of credit risk

a. Geographic location:

Percentages of credit risk exposure amounts of the Group's financial assets by geographic area were as follows (see the table below): As of December 31, 2021, the highest was Taiwan with 90.95%, the second was Asia (excluding Taiwan) with 4.91% and the third was Europe with 3.98%. Compared to the same period last year, the proportion of investments in Europe and America have decreased during the current period.

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Taiwan	\$ 85,529,878	\$ 82,881,680
Asia (excluding Taiwan)	4,614,585	4,628,726
Europe	3,742,773	5,818,573
America	154,027	240,517

¹ Other refundable deposits include operating guarantee deposits, clearing and settlement funds and refundable deposits.

² Receivables include accounts receivable, other receivables and brokerage trading receivables.

Other	4,255	1,530
Total	<u>\$ 94,045,518</u>	<u>\$ 93,571,026</u>

b. Industry:

Percentages of credit risk exposure amounts of the Group's financial assets by industry were as follows (see the table below): Financial institutions accounted for 99.85% with other industry sectors representing less than 1%. Credit risk is concentrated in financial institutions because the Group's equity capital and margins received from customers were both deposited with financial institutions, and counterparties of derivative trade and short-term notes undertaken by the Group were banks, futures clearing and settlement institution and re-consigned futures firms. The percentages distribution did not change significantly in this period compared to the corresponding period of last year.

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Privately owned businesses	\$ -	\$ 467,734
Financial institutions	93,906,283	92,958,566
Public enterprises	14,025	4
Other	<u>125,210</u>	<u>144,722</u>
Total	<u>\$ 94,045,518</u>	<u>\$ 93,571,026</u>

(B) Analysis of credit risk levels

a.Credit risk rating is categorized into Excellent, Standard, Below standard, Other and the definitions are illustrated below:

- (a)Excellent: The underlying position or an entity is capable of fulfilling its financial commitment even if facing significant uncertain factors or exposed to an adverse condition.
- (b)Standard: The underlying position or an entity's capacity to fulfill the contractual obligation is at an acceptable level, and any adverse movement toward operation, finance or economy could further weaken its capacity to fulfil financial commitment.
- (c)Below standard: The underlying position or an entity's capacity to fulfill the contractual obligation is weak, and the

fulfillment of the contractual commitment depends on the advantageous movement in operating environment and financial status.

(d)Other: This level shows that the counterparty or the underlying asset does not fulfill contractual obligations, or for other reasons fails to (or not) be applied with the internal credit risk ratings.

b. As of December 31, 2021, the credit quality levels of the Group's financial assets were classified as follows: Excellent is 97.74%, standard is 1.90%. The result of credit quality level classification did not change significantly compared to the same period last year. The proportion of financial assets classified as excellent had increased and standard had decreased while assets classified as standard had increased.

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Excellent	\$ 91,918,498	\$ 91,198,652
Standard	1,785,697	2,227,158
Below standard	341,323	145,216
Total	<u>\$ 94,045,518</u>	<u>\$ 93,571,026</u>

C. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

(A) The Group determines that there has been a significant increase in credit risk on a receivable (futures trading margin receivable and other receivables) if it is either past due over 30 days or in violation of the terms of the agreement.

(B) Refundable deposits that have not been returned and the number of days past the refund date is more than 30, excluding deposits not returned due to specific conditions set in the contract.

(C) At the balance sheet date, a debt instrument is considered to have significant increase in credit risk if the credit rating of the credit reference subject is non-investment grade and any of the following conditions apply:

a. The credit rating of the credit reference subject has dropped by more than one scale since initial recognition.

b. The implicit credit spread of the debt instrument has increased by a certain number of basis points since initial recognition.

(D) The definition of a financial asset in default

The Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.

A debt instrument investment is considered in default if any of the following conditions apply:

- (a) Bond was credit-impaired at the time of purchase.
- (b) At the financial reporting date, the bond is rated as “in default.”
- (c) Interest or principal payments have not been made in accordance with the issuance terms.
- (d) Due to credit condition of the issuer, the issuance terms were changed so that interest payments were delayed or not made at all.
- (e) The issuer or guarantor has ceased operations, applied for reorganization, filed for bankruptcy, dissolved, or sold assets that have a significant impact on the company’s ability to continue as a going concern.

(E) Write off policy

If the Group cannot reasonably expect to recover the entire or part of the financial asset, it will write off the entire or part of the financial asset.

(F) Measurement of expected credit loss and consideration of forward-looking information

a. Futures trading margin receivable

Obtain historical loss rates (based on the historical losses from the past three years, compare the current and past economic environments to the predicted future environment (forward-looking factor) and determine if there is a significant change; adjust the estimate for future loss rates accordingly).

- (a) The total carrying amount, allowance for losses, and maximum exposure of “futures trading margin receivable” of the Group are as follows:

December 31, 2021

	<u>Lifetime</u>		
<u>12 months</u>	<u>Significant</u>	<u>Credit impaired</u>	
	<u>increase in</u>		
	<u>credit risk</u>		
<u>Without past due or</u>	<u>More than</u>	<u>More than</u>	<u>Total</u>
<u>within 30 days</u>	<u>30 days</u>	<u>90 days</u>	

Expected loss rate	0%	99.66%	100%	
Total book value	<u>\$</u> =	<u>\$</u> =	<u>\$ 107,770</u>	<u>\$ 107,770</u>
Loss allowance	<u>\$</u> =	<u>\$</u> =	<u>(\$ 107,770)</u>	<u>(\$ 107,770)</u>
Maximum exposure amount	<u>\$</u> =	<u>\$</u> =	<u>\$</u> =	<u>\$</u> =

<u>December 31, 2020</u>				
	<u>12 months</u>	<u>Lifetime</u>		
		<u>Significant</u>	<u>Credit impaired</u>	
	<u>Without past due or</u>	<u>increase in</u>	<u>More than</u>	<u>Total</u>
	<u>within 30 days</u>	<u>credit risk</u>	<u>90 days</u>	
		<u>More than</u>		
		<u>30 days</u>		
Expected loss rate		0%	100%	
Total book value		<u>\$</u>	<u>\$</u>	<u>\$</u>
		=	=	=
		<u>\$</u>	<u>\$</u>	<u>\$</u>
Loss allowance		<u>\$</u>	<u>\$</u>	<u>\$</u>
		=	=	=
Maximum exposure		<u>\$</u>	<u>\$</u>	<u>\$</u>
amount		=	=	=

(b) Movements in loss allowance for futures trading margin receivable is as follows:

<u>For the year ended December 31, 2021</u>				
	<u>12 months</u>	<u>Lifetime</u>		
		<u>Significant</u>	<u>Credit impaired</u>	
	<u>Without past due or</u>	<u>increase in</u>	<u>More than</u>	<u>Total</u>
	<u>within 30 days</u>	<u>credit risk</u>	<u>90 days</u>	
		<u>More than</u>		
		<u>30 days</u>		
January 1, 2021		\$	\$ (\$	\$ 120,901) (\$ 120,901)

	-	-		
Reversal of impairment loss	-	-	3,755	3,755
Write-offs	=	=	<u>9,376</u>	<u>9,376</u>
December 31, 2021	<u>\$</u>	<u>\$</u>	<u>(\$ 107,770)</u>	<u>(\$ 107,770)</u>
	=	=		

For the year ended December 31, 2020

	<u>12 months</u>	<u>Significant increase in credit risk</u>	<u>Lifetime</u>	
	<u>Without past due or within 30 days</u>	<u>More than 30 days</u>	<u>Credit impaired</u>	<u>Total</u>
			<u>More than 90 days</u>	
January 1, 2020	\$	\$	(\$ 86,409)	(\$ 86,409)
	-	-		
Provision for impairment	-	-	39,021	39,021
)
Reversal of impairment loss	=	=	<u>4,529</u>	<u>4,529</u>
December 31, 2020	<u>\$</u>	<u>\$</u>	<u>(\$ 120,901)</u>	<u>(\$ 120,901)</u>
	=	=		

b. Bond investments

The expected credit loss (ECL) model is primarily based on the following three parameters: probability of default (PD), loss given default (LGD), and exposure at default (EAD).

- (a) Probability of default: Calculated using the default rate tables published by external credit rating agencies and incorporating forward-looking information.
- (b) Loss given default: Calculated based on the guarantees and the priority of claims of the debt instrument, and the average recovery rates published by external credit rating agencies.
- (c) Exposure at default: total carrying amount (including interest receivable). The carrying amount is measured at amortised cost before any adjustments to the allowance for losses.
- (d) Forward-looking information considerations

One of the quantitative indicators used in the assessment of significant increase in credit risk on debt instruments measured at amortised cost is the change in external credit ratings published by international credit rating agencies. The measure of expected credit loss is based on external credit ratings, the probability of default and loss given default information published by external credit rating agencies. These credit ratings incorporate forward-looking information, which is considered to be appropriate by the Group in estimating the expected credit losses.

(7)Liquidity risk analysis

- A. Liquidity risk of capital refers to the risk arising from the Group's inability to raise funds adequately in a period, which makes it unable to fulfill repayment or disbursement obligations on the expiry days. For liquidity risk management, the Group has established a warning system based on the nature of its businesses, including capital liquidity index, current ratio, loan lines granted by financial institutions and capital shortfall indication, which can estimate in advance the possible capital shortfall in certain periods and help the Group be aware of the overall liquidity risk of capital; the Group has also established a fund procurement plan in response to the occurrence of systematic risk events or exceptional capital flows. For the realization, marketability and safety of current assets, the Group has established the rules of capital risk management, which state the Group's bank deposits, bond trade, repo trade, etc. must meet certain level above of the internal rating and their positions and liquidity shall be monitored regularly.

B. The information about the maturity of the Group's financial liabilities is shown below. The Group's working capital is sufficient to meet its funding requirements in the future. Therefore, it has no liquidity risk that would arise from inability to raise funds to fulfill repayment or disbursement obligations.

Cash flow analysis of financial liabilities on December 31, 2021

<u>Accounts</u> <u>Financial liabilities</u>	<u>Prevailing</u> <u>Period</u>	<u>Payment period</u>				<u>Total</u>
		<u>Less than 3</u> <u>months</u>	<u>3 ~12 months</u>	<u>1~5 years</u>	<u>Over 5 years</u>	
212000 Financial liabilities at fair value through profit or loss - current	\$926	\$-	\$-	\$-	\$-	\$926
214080 Futures traders' equity	83,178,336	-	-	-	-	83,178,336
214100 Leverage margin contract transaction traders' equity	282,808	-	-	-	-	282,808
214130 Accounts payable	13,717	123,139	-	-	-	136,856
214140 Accounts payable - related parties	-	19,749	-	-	-	19,749
214170 Other payables	-	183,344	6,539	1,939	197	192,019
214180 Other payables - related parties	-	1,842	-	-	-	1,842
216000 Lease liabilities - current	-	13,424	38,836	-	-	52,260
219000 Other current liabilities						

		24,904	6,271	-	-	31,175
221100 Bonds Payable	-	-	-	-	1,497,401	1,497,401
226000 Lease liabilities - non-current	=	=	=	<u>118,224</u>	=	<u>118,224</u>
Total	<u>\$ 83,475,787</u>	<u>\$ 366,402</u>	<u>\$ 51,646</u>	<u>\$ 120,163</u>	<u>\$ 1,497,598</u>	<u>\$ 85,511,596</u>
Percentage (%) of overall	97.62%	0.43%	0.06%	0.14%	1.75%	100.00%

Cash flow analysis of financial liabilities on December 31, 2020

<u>Account</u>	<u>Financial liabilities</u>	<u>Payment period</u>					<u>Total</u>
		<u>Prevailing</u>	<u>Less than 3</u>	<u>3 ~12 months</u>	<u>1~5 years</u>	<u>Over 5 years</u>	
		<u>Period</u>	<u>months</u>				
212000	Financial liabilities at fair value through profit or loss - current	\$ 220,993	\$ -	\$ -	\$ -	\$ -	\$ 220,993
214080	Futures traders' equity	83,763,813	-	-	-	-	83,763,813
214100	Leverage margin contract transaction traders' equity	243,573	-	-	-	-	243,573
214130	Accounts payable	1,632	156,279	-	-	-	157,911
214140	Accounts payable - related parties	-	23,586	-	-	-	23,586

214170 Other payables	-	226,663	13,042	7,805	197	247,707
214180 Other payables - related parties	-	225	-	-	-	225
216000 Lease liabilities - current	-	8,713	41,376	-	-	50,089
219000 Other current liabilities	-	11,960	8,578	-	-	20,538
226000 Lease liabilities - non-current	=	=	=	<u>169,772</u>	=	<u>169,772</u>
Total	<u>\$ 84,230,011</u>	<u>\$ 427,426</u>	<u>\$ 62,996</u>	<u>\$ 177,577</u>	<u>\$ 197</u>	<u>\$ 84,898,207</u>
Percentage (%) of overall	99.21%	0.51%	0.07%	0.21%	0.00%	100.00%

The analysis of cash flow gap on December 31, 2021

		<u>Receipt period</u>					<u>Total</u>
<u>Accounts</u>	<u>Financial assets</u>	<u>Prevailing Period</u>	<u>Less than 3 months</u>	<u>3 ~12 months</u>	<u>1~5 years</u>	<u>Over 5 years</u>	
11110 0	Cash and cash equivalents	\$ 1,377,991	\$ 2,182,140	\$ 5,743,955	\$ -	\$ -	\$ 9,304,086
11200 0	Financial assets at fair value through						
	profit or loss - current	286,529	-	-	-	-	286,529
11320	Financial assets at fair value						

0	through						
	other comprehensive income -						
	current	806,830	-	-	-	-	806,830
11407	Margin deposits	83,476,983	-	-	-	-	83,476,983
0							
11408	Futures trading margin receivable	107,770	-	-	-	-	107,770
0							
11413	Accounts receivable	-	4,057	-	-	-	4,057
0							
11414	Accounts receivable - related						
0	parties	-	2,002	-	-	-	2,002
11417	Other receivables	-	12,948	1,876	-	-	14,824
0							
11418	Other receivables - related parties	-	4,236	30	-	-	4,266
0							
11430	Leverage margin contract trading						
0							
	client margin deposits	347,405	-	-	-	-	347,405
12320	Financial assets at fair value						
0	through						
	other comprehensive income -						
	non-current	-	-	-	-	1,932,733	1,932,733
12901	Operating guarantee deposits	-	-	-	-	145,326	145,326
0							

12902	Clearing and settlement funds	-	-	-	-	544,465	544,465
12903	Refundable deposits	-	-	-	39,598	-	39,598
	Subtotal	\$ 86,403,508	\$ 2,205,383	\$ 5,745,861	\$ 39,598	\$ 2,622,524	\$ 97,016,874
	Cash inflow	\$ 86,403,508	\$ 2,205,383	\$ 5,745,861	\$ 39,598	\$ 2,622,524	\$ 97,016,874
	Cash outflow	83,475,787	366,402	51,646	120,163	1,497,598	85,511,596
	The amount of capital gap	\$ 2,927,721	\$ 1,838,981	\$ 5,694,215	(\$ 80,565)	\$ 1,124,926	\$ 11,505,278

The analysis of cash flow gap on December 31, 2020

		<u>Receipt period</u>					
		Prevailing	Less than 3				
		Period	months	3 ~12 months	1~5 years	Over 5 years	Total
111100	Cash and cash equivalents	\$ 1,431,616	\$ 1,523,811	\$ 4,233,783	\$ -	\$ -	7,189,210
112000	Financial assets at fair value through						
	profit or loss - current	935,945	-	-	-	-	935,945
113200	Financial assets at fair value through						
	other comprehensive income - current	655,432	-	-	-	-	655,432
114070	Margin deposits	84,071,446	-	-	-	-	84,071,446

114080	Futures trading margin receivable	120,901	-	-	-	-	120,901
114100	Security lending deposits	169,187	-	-	-	-	169,187
114130	Accounts receivable	-	199,609	-	-	-	199,609
114140	Accounts receivable - related parties	-	3,569	-	-	-	3,569
114170	Other receivables	417	19,718	189	-	-	20,324
114180	Other receivables - related parties	431	3,922	2,358	-	-	6,711
114300	Leverage margin contract trading client margin deposits	294,448	-	-	-	-	294,448
119990	Other current assets	-	29,683	132	-	-	29,815
123200	Financial assets at fair value through other comprehensive income - non-current	-	-	-	-	1,618,523	1,618,523
129010	Operating guarantee deposits	-	-	-	-	145,516	145,516
129020	Clearing and settlement funds	-	-	-	-	548,092	548,092

129030 Refundable deposits	-	244	4,911	38,993	-	44,148
Subtotal	<u>\$ 87,679,823</u>	<u>\$ 1,780,556</u>	<u>\$ 4,241,373</u>	<u>\$ 38,993</u>	<u>\$ 2,312,131</u>	<u>\$ 96,052,876</u>
Cash inflow	\$ 87,679,823	\$ 1,780,556	\$ 4,241,373	\$ 38,993	\$ 2,312,131	\$ 96,052,876
Cash outflow	<u>84,230,011</u>	<u>427,426</u>	<u>62,996</u>	<u>177,577</u>	<u>197</u>	<u>84,898,207</u>
The amount of capital gap	<u>\$ 3,449,812</u>	<u>\$ 1,353,130</u>	<u>\$ 4,178,377</u>	<u>(\$ 138,584)</u>	<u>\$ 2,311,934</u>	<u>\$ 11,154,669</u>

(8) Currency risk

A. The Group's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

(Foreign currency: functional currency)	<u>December 31, 2021</u>		<u>December 31, 2020</u>	
	Foreign currency (in thousands)	Exchange rate	Foreign currency (in thousands)	Exchange rate
<u>Financial instruments</u>				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD/NTD	\$ 992,624	27.6800	\$ 1,223,264	28.4800
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD/NTD	982,275	27.6800	1,213,331	28.4800

B. The total exchange gains and losses, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2021 and 2020 amounted to (\$4,756) and (\$14,529), respectively.

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YUANTA FUTURES CO., LTD.
PARENT COMPANY ONLY FINANCIAL
STATEMENTS AND INDEPENDENT AUDITORS’
REPORT
DECEMBER 31, 2021 AND 2020

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

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR21000315

To the Board of Directors and Stockholders of Yuanta Futures Co., Ltd.

Opinion

We have audited the accompanying parent company only balance sheets of Yuanta Futures Co., Ltd. (the "Company") as at December 31, 2021 and 2020, and the parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of Yuanta Futures Co., Ltd. as at December 31, 2021 and 2020, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants and Regulation Governing the Preparation of Financial Reports by Securities Firms.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountants in 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 judgement, were of most significance in our audit of the parent company only financial statements for the current period. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's parent company only financial statements of the current period are stated as follows:

Fair value measurement of valuation of the unlisted stocks

Description

For the accounting policy of the unlisted stocks (accounted under financial assets at fair value through other comprehensive income), please refer to Note 4(7); for critical accounting estimates and assumption uncertainty of the fair value of unlisted stocks, please refer to Note 5(2); for the details on unlisted stocks, please refer to Note 6(5). The carrying amount of financial assets at fair value through other comprehensive income – unlisted stocks as at December 31, 2021 was NTD 1,806,258 thousand.

Because there are no active market quoted prices for financial assets at fair value through other comprehensive income - unlisted stocks held by Yuanta Futures Co., Ltd., the management uses valuation techniques to estimate the fair value. The valuation techniques used by Yuanta Futures Co., Ltd. are primarily the market method. The market method involves certain assumptions and significant inputs that are not based on observable market data, including the selected valuation methods, the determination of similar and comparable companies, price to earnings ratio and discount of marketability, etc. The models and parameters used in valuation techniques are based on management's professional judgments and estimates, and such accounting judgments and estimates are highly uncertain. Thus, we have included the fair value valuation of unlisted stocks as a key audit matter in our audit for the year ended December 31, 2021.

How our audit addressed the key audit matter

In response to specific aspects of the above-mentioned key audit matter, we made use of experts to assist the evaluation of the reasonableness of valuation information used by the management, and conducted the following procedures:

1. Obtained an understanding and evaluated the policy and valuation process relevant to the fair value measurement of the unlisted stocks.
2. Evaluated whether the valuation methods used by the management were commonly used.
3. Evaluated the reasonableness of the selection of comparable companies by the management.
4. Sample tested the price to earnings ratio and the inputs of discount of marketability used in the valuation methods, and reviewed relevant information and supporting evidence.

Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants and Regulation Governing the Preparation of Financial Reports by Securities Firms, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including audit committee, are responsible for overseeing the financial reporting process of the Company.

Auditor's responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only 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 generally accepted auditing standards 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 parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the parent company only 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 internal control of the Company.
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 ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the parent company only 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 of the Company that were of most significance in the audit of the parent company only financial statements of the current period and are therefore the key audit matter. 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.

Lo, Chiao-Sen

Lee, Hsiu-Ling

For and on behalf of PricewaterhouseCoopers, Taiwan

March 10, 2022

Lo, Chiao-Sen

Lee, Hsiu-Ling

For and on Behalf of PricewaterhouseCoopers, Taiwan

April 13, 2022

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

YUANTA FUTURES CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2021		December 31, 2020	
			AMOUNT	%	AMOUNT	%
Current assets						
111100	Cash and cash equivalents	6(1) and 7	\$ 8,286,016	9	\$ 6,195,959	6
112000	Financial assets at fair value through profit or loss - current	6(2), 7 and 11	285,884	-	860,190	1
113200	Financial assets at fair value through other comprehensive income - current	6(5)	806,830	1	655,432	1
114070	Customer margin deposits	6(3) and 7	81,058,821	85	82,809,012	87
114100	Security lending deposits		-	-	169,187	-
114130	Accounts receivable		4,057	-	199,609	-
114140	Accounts receivable - related parties	7	2,002	-	3,569	-
114150	Prepayments	7	8,741	-	5,234	-
114170	Other receivables		12,552	-	18,975	-
114180	Other receivables - related parties	7	4,165	-	3,876	-
114300	Leverage margin contract trading client margin deposits	7	347,405	-	294,448	-
114600	Current income tax assets		-	-	341	-
119000	Other current assets		-	-	23	-
110000	Subtotal current assets		90,816,473	95	91,215,855	95
Non-current assets						
123200	Financial assets at fair value through other comprehensive income - non-current	6(5)	1,932,733	2	1,618,523	2
124100	Investments accounted for under the equity method	6(6)	1,141,781	1	1,207,101	1
125000	Property and equipment	6(9)	624,845	1	607,595	1
125800	Right-of-use assets	6(10) and 7	147,548	-	190,744	-
127000	Intangible assets	6(11)	86,979	-	42,137	-
128000	Deferred income tax assets	6(31)	31,686	-	43,647	-
129010	Operating guarantee deposits	6(7) and 7	140,000	-	140,000	-
129020	Clearing and settlement funds	6(8)	544,465	1	548,092	1
129030	Refundable deposits	7	35,978	-	40,456	-
129130	Prepayment for equipment		139,051	-	73,982	-
129990	Other non-current assets - other		11,416	-	8,417	-
120000	Subtotal non-current assets		4,836,482	5	4,520,694	5
906001	Total Assets		\$ 95,652,955	100	\$ 95,736,549	100

(Continued)

YUANTA FUTURES CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

LIABILITIES AND EQUITY		Notes	December 31, 2021		December 31, 2020	
			AMOUNT	%	AMOUNT	%
Current liabilities						
212000	Financial liabilities at fair value through profit or loss - current	6(2) and 11	\$ 926	-	\$ 220,672	-
214080	Futures traders' equity	6(3) and 7	80,868,836	85	82,588,649	87
214100	Leverage margin contract transaction traders' equity		282,808	-	243,573	1
214130	Accounts payable		136,856	-	157,911	-
214140	Accounts payable - related parties	7	19,749	-	23,586	-
214160	Collection for third parties		9,098	-	9,614	-
214170	Other payables		184,185	-	241,049	-
214180	Other payables - related parties	7	1,842	-	225	-
214600	Current income tax liabilities		18,479	-	93,913	-
216000	Lease liabilities - current	7	42,849	-	37,795	-
219000	Other current liabilities	6(12)	31,143	-	19,584	-
210000	Subtotal current liabilities		81,596,771	85	83,636,571	88
Non-current liabilities						
221100	Bonds Payable	6(13)	1,497,401	2	-	-
226000	Lease liabilities - non-current	7	118,224	-	159,509	-
228000	Deferred income tax liabilities	6(31)	11,191	-	-	-
229000	Other non-current liabilities		79,470	-	81,907	-
	Subtotal non-current liabilities		1,706,286	2	241,416	-
906003	Total Liabilities		83,303,057	87	83,877,987	88
Capital						
301010	Common stock	6(16)	2,899,763	3	2,899,763	3
Additional paid-in capital						
302000	Capital surplus	6(17)	3,070,484	3	3,070,484	3
Retained earnings						
304010	Legal reserve	6(19)	1,132,477	1	1,021,010	1
304020	Special reserve	6(18)(19)	2,508,054	3	2,294,034	3
304040	Undistributed earnings	6(19)	1,123,207	1	1,295,828	1
Other equity						
305000	Other equity interest	6(20)	1,615,913	2	1,277,443	1
906004	Total equity		12,349,898	13	11,858,562	12
906002	Total liabilities and equity		\$ 95,652,955	100	\$ 95,736,549	100

The accompanying notes are an integral part of these parent company only financial statements.

YUANTA FUTURES CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

			Year ended December 31			
			2021		2020	
Items		Notes	AMOUNT	%	AMOUNT	%
Revenues						
401000	Brokerage	6(21) and 7	\$ 3,551,708	94	\$ 3,484,081	94
410000	Gains on trading of securities	6(2)(22)	119,534	3	35,200	1
421300	Dividend income	6(2) and 7	7,518	-	2,087	-
421500	(Losses) gains on valuation of trading securities	6(2)	(2,576)	-	1,897	-
421600	Losses on covering of borrowed securities and bonds with resale agreements-short sales	6(2)	(49,017)	(1)	(3,862)	-
421610	Valuation gains (losses) on borrowed securities and bonds with resale agreements-short sales at fair value through profit or loss	6(2)	35,719	1	(19,447)	-
424200	Securities commission revenue	7	19,880	1	7,972	-
424300	Clearance fee from consignment	6(23) and 7	65,185	2	73,190	2
424400	Net gain on derivative financial instruments	6(2)(24)	13,862	-	126,068	3
424900	Futures advisory revenues	7	16,142	-	13,487	-
428000	Other operating revenues	7	4,354	-	853	-
400000	Total revenues		3,782,309	100	3,721,526	100
Costs and expenses						
501000	Brokerage fee	6(25)	(776,978)	(21)	(745,408)	(20)
502000	Dealer handling fee	6(25)	(3,572)	-	(6,252)	-
521200	Interest expense	7	(8,229)	-	(18,615)	(1)
425300	Expected credit impairment losses and reversal gains		3,755	-	(34,492)	(1)
524100	Futures commission	6(26) and 7	(650,567)	(17)	(641,943)	(17)
524300	Clearance fee	6(27)	(573,923)	(15)	(561,880)	(15)
528000	Other operating fee		(2,737)	-	(3,468)	-
531000	Employee benefit expense	6(28)(29)	(676,198)	(18)	(662,662)	(18)
532000	Depreciation and amortization	6(28)	(126,828)	(3)	(95,531)	(3)
533000	Other operating expenses	6(28) and 7	(450,617)	(12)	(425,980)	(11)
500000	Total costs and expenses		(3,265,894)	(86)	(3,196,231)	(86)
Operating income			516,415	14	525,295	14
601100	Share of profit or loss of subsidiaries, associates and joint ventures accounted for using the equity method	6(6)	(33,082)	(1)	(24,553)	-
602000	Other gains and losses	6(2)(30) and 7	565,627	15	824,838	22
902001	Income before income tax		1,048,960	28	1,325,580	36
701000	Income tax expense	6(31)	(188,678)	(5)	(255,481)	(7)
902005	Net income		\$ 860,282	23	\$ 1,070,099	29

(Continued)

YUANTA FUTURES CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

			Year ended December 31			
			2021		2020	
Items	Notes		AMOUNT	%	AMOUNT	%
Other comprehensive income						
Items that will not be reclassified to profit or loss						
805510	Remeasurement of defined benefit obligations	6(14)	\$ 5,163	-	(\$ 13,558)	(1)
805540	Unrealized gain and loss on equity instrument investment measured at fair value through other comprehensive income	6(5)(20)	471,095	12	80,198	2
805599	Income tax related to components of items not to be reclassified	6(31)	(1,032)	-	2,712	-
Items that may be reclassified to profit or loss subsequently						
805610	Translation loss on the financial statements of foreign operating entities	6(20)	(32,238)	(1)	(43,610)	(1)
805000	Total other comprehensive income (loss) (net of tax)		\$ 442,988	11	\$ 25,742	-
	Total comprehensive income		\$ 1,303,270	34	\$ 1,095,841	29
Earnings per share (in New Taiwan dollars)						
	Basic and diluted earnings per share	6(32)	\$ 2.97		\$ 4.23	

The accompanying notes are an integral part of these parent company only financial statements.

YUANTA FUTURES CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

		Capital surplus			Retained earnings			Other equity interest		
			Paid-in capital in excess of par value	Paid-in capital from business merger			Undistributed earnings	Translation loss on the financial statements of foreign operating entities	Unrealized gain and loss on equity instrument investment measured at fair value through other comprehensive income	Total equity
	Notes	Common stock			Legal reserve	Special reserve				
For the year ended December 31, 2020										
Balance, January 1, 2020		\$ 2,322,763	\$ 894,643	\$ 46,333	\$ 907,430	\$ 2,074,901	\$ 1,313,798	(\$ 21,375)	\$ 1,317,644	\$ 8,856,137
Net income for the year		-	-	-	-	-	1,070,099	-	-	1,070,099
Other comprehensive income (loss) for the year	6(5)(20)	-	-	-	-	-	(10,846)	(43,610)	80,198	25,742
Total comprehensive income (loss)		-	-	-	-	-	1,059,253	(43,610)	80,198	1,095,841
Appropriations of 2019 earnings:										
Legal reserve		-	-	-	113,580	-	(113,580)	-	-	-
Special reserve		-	-	-	-	219,133	(219,133)	-	-	-
Cash dividends		-	-	-	-	-	(799,924)	-	-	(799,924)
Issuance of shares	6(16)	577,000	2,085,472	-	-	-	-	-	-	2,662,472
Share-based payments	6(15)	-	44,036	-	-	-	-	-	-	44,036
Disposal of equity instrument investment measured at fair value through other comprehensive income	6(5)(20)	-	-	-	-	-	55,414	-	(55,414)	-
Balance, December 31, 2020		\$ 2,899,763	\$ 3,024,151	\$ 46,333	\$ 1,021,010	\$ 2,294,034	\$ 1,295,828	(\$ 64,985)	\$ 1,342,428	\$ 11,858,562
For the year ended December 31, 2021										
Balance, January 1, 2021		\$ 2,899,763	\$ 3,024,151	\$ 46,333	\$ 1,021,010	\$ 2,294,034	\$ 1,295,828	(\$ 64,985)	\$ 1,342,428	\$ 11,858,562
Net income for the year		-	-	-	-	-	860,282	-	-	860,282
Other comprehensive income (loss) for the year	6(5)(20)	-	-	-	-	-	4,131	(32,238)	471,095	442,988
Total comprehensive income		-	-	-	-	-	864,413	(32,238)	471,095	1,303,270
Appropriations of 2020 earnings:										
Legal reserve		-	-	-	111,467	-	(111,467)	-	-	-
Special reserve		-	-	-	-	214,020	(214,020)	-	-	-
Cash dividends		-	-	-	-	-	(811,934)	-	-	(811,934)
Disposal of equity instrument investment measured at fair value through other comprehensive income	6(5)(20)	-	-	-	-	-	100,387	-	(100,387)	-
Balance, December 31, 2021		\$ 2,899,763	\$ 3,024,151	\$ 46,333	\$ 1,132,477	\$ 2,508,054	\$ 1,123,207	(\$ 97,223)	\$ 1,713,136	\$ 12,349,898

The accompanying notes are an integral part of these parent company only financial statements.

YUANTA FUTURES CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

		For the year ended December 31	
	Notes	2021	2020
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 1,048,960	\$ 1,325,580
Adjustments			
Income and expenses having no effect on cash flows			
Depreciation	6(9)(10)(28)	114,664	83,434
Amortization	6(11)(28)	12,164	12,097
Interest income	6(30)	(339,968)	(694,306)
Interest expense		8,229	18,615
Share of profit or loss of subsidiaries associates, and joint ventures accounted for using the equity method	6(6)	33,082	24,553
Gains (losses) on disposal of property and equipment	6(9)	(271)	259
Dividend income	6(30)	(159,578)	(90,094)
Expected credit impairment losses and reversal gains		(3,755)	34,492
Share-based payments	6(15)	-	44,036
Gain on lease modification	6(10)(30)	(490)	-
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss - current		574,306	(607,497)
Customer margin deposits		1,750,191	(19,205,736)
Futures trading margin receivable		3,755	(34,492)
Security lending deposits		169,187	(123,343)
Accounts receivable		195,552	(143,614)
Accounts receivable - related parties		1,567	(1,192)
Prepayments	(	3,507)	487
Other receivables	(	2,697)	1,193
Leverage margin contract trading client margin deposits	(	52,957)	(36,198)
Other current assets	(	23	(5)
Other non-current assets - other	(	2,999)	(6,331)
Changes in operating liabilities			
Financial liabilities at fair value through profit or loss - current	(	219,746)	149,395
Futures traders' equity	(	1,719,813)	19,148,360
Leverage margin contract transaction traders' equity		39,235	18,388
Accounts payable	(	21,055)	53,297
Accounts payable - related parties	(	3,837)	9,081
Collection for third parties	(	516)	3,337
Other payables	(	58,062)	2,622
Other payables-related parties		1,652	(969)
Other current liabilities		11,559	5,983
Other non-current liabilities		2,727	(1,457)
Cash inflow (outflow) generated from operations		1,377,602	(10,025)
Interest received		348,029	705,424
Interest paid	(	7,015)	(22,856)
Dividends received		160,348	89,593
Income tax paid	(	241,652)	(249,893)
Net cash flows from operating activities		1,637,312	512,243
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through other comprehensive income		(1,141,643)	(1,120,976)
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(5)	1,147,130	1,027,205
Acquisition of property and equipment	6(9)	(52,308)	(35,036)
Proceeds from disposal of property and equipment	6(9) and 7	405	210
Increase in intangible assets	6(11)	(52,565)	(2,447)
Decrease (increase) in clearing and settlement funds		3,627	(12,406)
Decrease (increase) in refundable deposits		4,478	(5,982)
Increase in prepayment for equipment	(	100,034)	(63,728)
Net cash flows used in investing activities	(	190,910)	(213,160)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Repayment of principal portion of lease liabilities	(	41,761)	(23,032)
Proceeds from issuance of bonds	6(13)	1,497,350	-
Payment of cash dividends	6(19)	(811,934)	(799,924)
Proceeds from issuance of shares	6(16)	-	2,662,472
Net cash flows from financing activities		643,655	1,839,516

(Continued)

YUANTA FUTURES CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

Notes	For the year ended December 31	
	2021	2020
Net increase in cash and cash equivalents	\$ 2,090,057	\$ 2,138,599
Cash and cash equivalents at beginning of year	6,195,959	4,057,360
Cash and cash equivalents at end of year	<u>\$ 8,286,016</u>	<u>\$ 6,195,959</u>

The accompanying notes are an integral part of these parent company only financial statements.

YUANTA FUTURES CO., LTD.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

(Expressed in Thousands of New Taiwan dollars, Unless Otherwise Indicated)

1. HISTORY AND ORGANIZATION

Yuanta Futures Co., Ltd.'s (the "Company") profile is described below:

- (1) The Company was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China (R.O.C.) and started its operations on April 9, 1997. The Company merged with "Refco Taiwan Co., Ltd." on September 1, 2003 and was renamed as "Polaris Refco Futures Co., Ltd.". As of 2005, on account of changes in foreign shareholders, an extraordinary shareholders' meeting was held on February 15, 2006, and resolved to change its name to "Polaris MF Futures Co., Ltd." as approved by the Ministry of Economic Affairs.

On October 6, 2011, the Board of Directors of Polaris MF Futures Co., Ltd. decided to merge with Yuanta Futures Co., Ltd. In relation to the share conversion with Yuanta Futures Co., Ltd. in accordance with Gin-Gwen-Zheng-Qi Letter No. 1000052507, the Company can exchange its common shares using a ratio of 1.01 share to 1 share of Yuanta Futures common share. Both parties agreed to set April 1, 2012 as the merger date. The Company has also obtained the approval to change its name to "Yuanta Futures Co., Ltd.".

- (2) The Company is primarily engaged in onshore and offshore futures brokerage business, futures dealing, futures consulting, futures business management, securities dealing, leverage transaction merchant, and a variety of futures related businesses approved by the competent authority. On August 14, 2017, with permission from the competent authority, the Company ceased engaging in futures business management. As of December 31, 2021, the Company had 4 branches.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These parent company only financial statements were authorized for issuance by the Board of Directors on March 10, 2022.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

- (1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC").

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

	Effective date by International Accounting Standards Board
New Standards, Interpretations and Amendments	
Amendments to IFRS 4, 'Extension of the temporary exemption from applying IFRS 9'	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, 'Interest Rate Benchmark Reform— Phase 2'	January 1, 2021

New Standards, Interpretations and Amendments
Amendment to IFRS 16, 'Covid-19-related rent concessions
beyond 30 June 2021'

Effective date by
International Accounting
Standards Board
April 1, 2021 (Note)

Note : Earlier application from January 1, 2021 is allowed by FSC.

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

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

New standards, interpretations and amendments endorsed by the FSC effective from 2022 are as follows:

New Standards, Interpretations and Amendments

Effective date by
International Accounting
Standards Board

Amendments to IFRS 3, 'Reference to the conceptual framework'

January 1, 2022

Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'

January 1, 2022

Amendments to IAS 37, 'Onerous contracts — cost of fulfilling a contract'

January 1, 2022

Annual improvements to IFRS Standards 2018 – 2020

January 1, 2022

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

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

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

New Standards, Interpretations and Amendments

Effective date by
International Accounting
Standards Board

Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'

To be determined by
International Accounting
Standards Board

IFRS 17, 'Insurance contracts'

January 1, 2023

Amendments to IFRS 17, 'Insurance contracts'

January 1, 2023

Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'

January 1, 2023

Amendments to IAS 1, 'Classification of liabilities as current or non-current'

January 1, 2023

Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023

New Standards, Interpretations and Amendments	Effective date by
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	International Accounting Standards Board
	January 1, 2023

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company's significant accounting policies are described below:

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants and Regulations Governing the Preparation of Financial Reports by Securities Firms and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRS").

(2) Basis of preparation

- A. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:
 - (A) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - (B) Financial assets at fair value through other comprehensive income.
 - (C) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the parent company only financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The parent company only financial statements are presented in New Taiwan dollars, which is the Company's functional currency.

A. Foreign currency transactions and balances

- (A) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (B) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (C) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the parent company only balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the parent company only balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (D) Foreign exchange gains and losses are presented in the parent company only statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

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

- (A) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
- (B) Income and expenses for each parent company only statement of comprehensive income are translated at average exchange rates of that period; and
- (C) All resulting exchange differences are recognised in other comprehensive income.

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

- (A) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
- (B) Assets held mainly for trading purposes;
- (C) Assets that are expected to be realised within twelve months from the balance sheet date;
- (D) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

- (A) Liabilities that are expected to be settled within the normal operating cycle;
- (B) Liabilities arising mainly from trading activities;
- (C) Liabilities that are to be settled within twelve months from the balance sheet date;
- (D) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the parent company only balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash and cash equivalents

Cash and cash equivalents include petty cash, checking accounts, demand deposits and short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

(6) Financial assets at fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income. Financial assets at amortised cost or fair value through other comprehensive income are designated as at fair value through profit or loss at initial recognition when they eliminate or significantly reduce a measurement or recognition inconsistency.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade

date accounting.

- C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(7) Financial assets at fair value through other comprehensive income

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:

The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(8) Customer Margin deposits

In accordance with the Rules Governing Futures Commission Merchants, customer margin deposits accounts refer to the guarantee deposits and premiums collected from the futures customers, and the spread is calculated based on daily market price.

(9) Futures traders' equity / Futures trading margin receivable

Futures traders' equity is the trading margin/premiums deposited by customers and the difference of daily close-market balance. Futures traders' equity is shown under current liabilities. It cannot be offset except for the same customer with the same category of accounts. If payable to customer does not occur, it should be classified as futures trading margin receivable.

(10) Leverage margin contract trading client margin deposits

In accordance with the Regulations Governing Leverage Transaction Merchants, margin deposits accounts refer to the guarantee deposits and premiums collected from the leveraged trader, and the difference of daily evaluation.

(11) Leverage margin contract transaction traders' equity

Leverage margin contract transaction traders' equity is the trading margin/premiums deposited by customers and the difference of daily evaluation. Leverage margin contract transaction traders' equity is shown under current liabilities.

(12) Accounts receivable

A. Accounts receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.

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

(13) Impairment of financial assets

For customer margin deposit, futures trading margin receivables, security borrowing deposits, accounts receivable, other receivables, operation guarantee deposits, clearing and settlement fund, and refundable deposits, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts.

(14) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(15) Investment accounted for under the equity method – subsidiaries and associates

A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

B. Unrealised gains on transactions between the Company and its subsidiaries are eliminated to the extent of the Company's interest in the subsidiaries. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, according to its share of interest in the subsidiary, the Company does not recognise further losses.
- D. According to Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, the profit or loss for the period and other comprehensive income presented in parent company only financial reports shall be the same as the allocations of profit or loss for the period and of other comprehensive income attributable to owners of the parent presented in the financial reports prepared on a consolidated basis, and the owners' equity presented in the parent company only financial reports shall be the same as the equity attributable to owners of the parent presented in the financial reports prepared on a consolidated basis.

(16) Property and equipment

- A. Property and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Equipment applies cost model and is depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors", from the date of the change. The estimated useful lives of various fixed assets are 3~6 years except for buildings, which have useful lives from 10~60 years.

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

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

basis over the lease term.

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

(A) Fixed payments, less any lease incentives receivable; and

(B) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(A) The amount of the initial measurement of lease liability;

(B) Any lease payments made at or before the commencement date; and

(C) Any initial direct costs incurred by the lessee.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

- D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize the difference between remeasured lease liability in profit or loss.

(18) Intangible assets

- A. Membership in a foreign Futures Exchange

Membership in a foreign Futures Exchange is stated at acquisition cost and regarded as having an indefinite useful life as it was assessed to generate continuous net cash inflow in the foreseeable future. Membership in a foreign Futures Exchange is not amortised, but is tested annually for impairment.

- B. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 years.

(19) Impairment of non-financial assets

- A. The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.
- B. The recoverable amounts of intangible assets with an indefinite useful life shall be evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

(20) Derivative financial instruments and non-hedging activities

Non-hedging derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Any changes in the fair value are recognised in profit or loss.

(21) Financial liabilities at fair value through profit or loss

- A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges. Or financial liabilities at fair value through profit or loss. Financial liabilities that meet one of the following criteria are designated as at fair value through profit or loss at initial recognition:
 - (A) Hybrid (combined) contracts; or
 - (B) They eliminate or significantly reduce a measurement or recognition inconsistency; or
 - (C) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management policy.
- B. At initial recognition, the Company measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Company subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(22) Bonds payable

Ordinary corporate bonds issued by the Company are initially recognised at fair value, net of transaction costs incurred. Any difference between the proceeds (net of transaction costs) and the redemption value is accounted for as the premium or discount on bonds payable and presented as an addition to or deduction from bonds payable, which is amortised as an adjustment to the 'interest expense' over the period of bond circulation using the effective interest method.

(23) Derecognition of financial liabilities

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

(24) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(A) Defined contribution plans

For defined contribution plans, the Company pays fixed contributions to an independent, publicly or privately administered pension fund. The Company has no further legal or constructive obligations once the contributions have been paid. The contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(B) Defined benefit plans

a. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by

independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds (at the balance sheet date).

b. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Company's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Company recognises expense as it can no longer withdraw an offer of termination benefits or it recognises relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees' and directors' and supervisors' remuneration

Employees' remuneration and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(25) Employee share-based payment

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

(26) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

- B. The current income tax expense is calculated based on the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.
- D. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each parent company only balance sheet date, unrecognised and recognised deferred income tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the parent company only balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(27) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities.

(28) Revenue recognition

- A. Brokerage fee income: Service fee income that is generated from futures merchants exercising futures transaction is recognised on the date of settlement.
- B. Security commission revenue: Commission revenues that are generated from the operation of securities introducing broker business by futures commission merchants. These income are recognised on an accrual basis under the agreed terms.
- C. Entrusted clearing settlement service fee: Service fee income that is generated by future merchants who has the qualification of clearing membership while exercising clearing settlement transaction is recognised on the date of futures transaction.
- D. Derivative instrument net income
 - (A)Futures contract gains or losses: The margin of futures trading is recognised at cost and measured through mark-to-market accounting. The gains or losses from mark-to-market, reversed futures trading or settled contracts are recognised as gains or losses in the current period.
 - (B)Options trading: The deposit of options trading is recognised at cost and assessed monthly through mark-to-market valuation before the obligation is fulfilled. Any gain and loss occurring due to the option exercise is recognised as gain and loss in the period.
- E. Futures management fees revenues and supervisory income: These incomes are recognised on an accrual basis under the agreed terms.
- F. Interest income: All of the interest income of financial instruments are calculated using the effective interest rate.

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

The preparation of the financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience, the effect of Covid-19 and other factors. There is no significant change during the period. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Evaluation of expected credit loss on futures trading margin receivable

The impairment assessment of the Company's futures trading margin receivable is based on subjective judgements, including whether there has been significant increase in credit risk since initial recognition and loss rates calculated from historical data. Therefore, the Company periodically examines the appropriateness of its estimates. Please refer to Note 21(6) for more information.

(2) Financial assets—fair value measurement of unlisted stocks without active market

The fair value of unlisted stocks held by the Company that are not traded in an active market is determined by the market approach. The approach is taken with assumptions relating to the determination of comparable companies and employing those companies' latest price to earnings ratio multiples as basis of pricing estimation along with discounts of marketability consideration. Any changes in these judgements and estimates will impact the fair value measurement of these unlisted stocks. Please refer to Note 21(3) for the financial instruments fair value information.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Petty cash	\$ 30	\$ 30
Cash in bank		
Checking deposits	15	15
Demand deposits	317,585	90,781
Time deposits	<u>7,203,600</u>	<u>4,963,600</u>
Subtotal	7,521,230	5,054,426
Excess futures margin deposits	330,800	498,394
Excess margin in foreign exchange margin trading	74,275	53,817
Commercial paper (expiring within three months)	<u>359,711</u>	<u>589,322</u>
	<u>\$ 8,286,016</u>	<u>\$ 6,195,959</u>

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the

probability of counterparty default is remote.

B. The Company has no cash and cash equivalents pledged to others.

(2) Financial assets and liabilities at fair value through profit or loss – current

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 224,771	\$ 168,510
Beneficiary certificates	-	601,408
Futures contracts - non-hedging	16,347	62,741
Options contracts - non-hedging	1,219	4,166
Leverage margin contract transactions - non-hedging	<u>36,525</u>	<u>13,537</u>
	278,862	850,362
Valuation adjustment	<u>7,022</u>	<u>9,828</u>
	<u>\$ 285,884</u>	<u>\$ 860,190</u>

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Financial liabilities held for trading		
Options - non-hedging	\$ 926	\$ 13,332
Security borrowing	<u>-</u>	<u>171,614</u>

payable -
non-hedging

	926	184,946
Valuation adjustment	-	35,726
	<u>\$ 926</u>	<u>\$ 220,672</u>

A. Amounts recognised in profit or loss in relation to financial assets and liabilities at fair value through profit or loss are listed below:

For the years ended December 31,

	<u>2021</u>	<u>2020</u>
Financial assets and liabilities at fair value through profit or loss		
Listed stocks	\$ 129,154	\$ 38,871
Beneficiary certificates	(4,137)	(5,565)
Borrowed securities	(13,298)	(23,309)
Futures contracts - non-hedging	(17,765)	(132,554)
Options contracts - non-hedging	1,198	223,790
Leverage margin contract	30,429	34,832

transactions

Other

financial

instruments

	14 (	176)
\$	125,595	\$ 135,889

For the years ended December 31, 2021 and 2020, the above mentioned amounts recognised in profit or loss in relation to financial assets and liabilities at fair value through profit or loss are recognised in gains on trading of securities, dividend income, (losses) gains on valuation of trading securities, losses on covering of borrowed securities and bonds with resale agreements-short sales, valuation gains on borrowed securities and bonds with resale agreements-short sales at fair value through profit or loss, net gain on derivative instruments and other gains and losses.

B. Futures

The Company entered into futures contracts to earn the spread. As of December 31, 2021 and 2020, margin deposits for the contract was \$347,147 and \$561,135, respectively, with excess margin of \$330,800 and \$498,394, respectively, recognised in “cash and cash equivalents”.

C. The Company has no financial assets at fair value through profit or loss pledged to others.

(3) Customer margin deposits /Futures traders’ equity

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Margin deposits by customers:		
Cash in bank	\$ 59,406,731	\$ 61,028,517
Clearing house	14,432,637	12,185,195
Other futures commission merchants	<u>7,219,453</u>	<u>9,595,300</u>
Total	81,058,821	82,809,012

Less: Fees and interest revenue	(	154,452)	(	194,246)
pending for transfer				
Futures exchange tax	(	4,595)	(	6,702)
pending for transfer				
Temporary receipts	(	6,239)	(	7,623)
Others	(	24,699)	(	11,792)
Futures trader's equity	\$	<u>80,868,836</u>	\$	<u>82,588,649</u>

A. The Company has no expected credit loss on customer margin deposits.

B. As at December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the customer margin deposits held by the Company was \$81,058,821 and \$82,809,012, respectively.

(4) Futures trading margin receivable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Futures trading margin receivable	\$ 107,770	\$ 120,901
Less: Allowance for uncollectible accounts	(107,770)	(120,901)
	<u>\$ -</u>	<u>\$ -</u>

A.Information relating to credit risk of futures trading margin receivable is provided in Note 21(6).

B. The ageing analysis of futures trading margin receivable is as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Up to 30 days	\$ -	\$ -
31-90 days	-	-
91-180 days	-	-
Over 181 days	<u>107,770</u>	<u>120,901</u>
	<u>\$ 107,770</u>	<u>\$ 120,901</u>

The above ageing analysis was based on posting date.

(5) Financial assets at fair value through other comprehensive income

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current items:		
Equity instrument		
Listed stocks	\$ 700,524	\$ 605,624
Valuation adjustment	<u>106,306</u>	<u>49,808</u>
Total	<u>\$ 806,830</u>	<u>\$ 655,432</u>

Non-current items:

Equity instrument

Listed stocks	\$	104,771	\$	104,771
Valuation adjustment		<u>21,704</u>	(	<u>1,075)</u>
Subtotal		<u>126,475</u>		<u>103,696</u>
Non-Listed stocks		221,132		221,132
Valuation adjustment		<u>1,585,126</u>		<u>1,293,695</u>
Subtotal		<u>1,806,258</u>		<u>1,514,827</u>
Total	\$	<u>1,932,733</u>	\$	<u>1,618,523</u>

- A. The Company has elected to classify stock investments that are considered to be strategic investments and earning steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$2,739,563 and \$2,273,955 as at December 31, 2021 and 2020, respectively.
- B. For the years ended December 31, 2021 and 2020, to avoid systemic risks due to market interference and uncertainties, the Company sold \$1,147,130 and \$1,027,205, respectively, of listed stocks at fair value and resulted in cumulative gains on disposal of \$100,387 and \$55,414, respectively.
- C. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

For the years ended December 31,

2021

2020

Equity instruments at
fair value through
other comprehensive
income

Fair value change recognised in other comprehensive income	\$	471,095	\$	80,198
Cumulative gains reclassified to retained earnings due to derecognition	(\$	100,387)	(\$	55,414)
Dividend income recognised in profit or loss				
Held at end of period	\$	113,928	\$	61,048
Derecognised during the period		38,132		26,086
	\$	152,060	\$	87,134

D. The Company has no financial assets at fair value through other comprehensive income pledged to others.

(6) Investments accounted for under the equity method

A. Items of equity investments are summarised below:

	<u>December 31, 2021</u>		
<u>Company name</u>	<u>Amount</u>	<u>Shareholding ratio</u>	
SYF Information Co., Ltd.	\$	286,527	100.00%

Yuanta Futures (Hong Kong) Co., Ltd.	855,254	100.00%
	<u>\$ 1,141,781</u>	

December 31, 2020

<u>Company name</u>	<u>Amount</u>	<u>Shareholding ratio</u>
SYF Information Co., Ltd.	\$ 282,338	100.00%
Yuanta Futures (Hong Kong) Co., Ltd.	<u>924,763</u>	100.00%
	<u>\$ 1,207,101</u>	

B. The Company's share of the operating results in all individually immaterial invested companies are summarised below:

For the years ended December 31,

	<u>2021</u>	<u>2020</u>
Loss for the year from continuing operations	(\$ 33,082)	(\$ 24,553)
Currency translation differences	(32,238)	(43,610)
Total comprehensive loss	<u>(\$ 65,320)</u>	<u>(\$ 68,163)</u>

(7) Operating guarantee deposits

The Company's annual interest rates on operating guarantee deposits that were provided as time deposits maturing within one-year with

Yuanta Bank as of December 31, 2021 and 2020 was 0.77% and 0.77%~1.035%, respectively.

As at December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the operating guarantee deposits held by the Company were both \$140,000.

(8) Clearing and settlement funds

As at December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the clearing and settlement funds held by the Company was \$544,465 and \$548,092, respectively.

(9) Property and equipment

	<u>2021</u>				
	<u>Land</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Leasehold improvements</u>	<u>Total</u>
At January 1,					
Cost	\$ 410,992	\$ 71,577	\$ 239,460	\$ 9,692	\$ 731,721
Accumulated depreciation	<u>-</u>	<u>(12,213)</u>	<u>(104,644)</u>	<u>(7,269)</u>	<u>(124,126)</u>
	<u>\$ 410,992</u>	<u>\$ 59,364</u>	<u>\$ 134,816</u>	<u>\$ 2,423</u>	<u>\$ 607,595</u>
Opening net book amount at January 1,	\$ 410,992	\$ 59,364	\$ 134,816	\$ 2,423	\$ 607,595
Additions	-	-	42,071	10,237	52,308
Transfers	-	-	22,500	8,024	30,524
Reclassifications (Note)	55,955	(55,955)	-	-	-
Disposals (cost)	-	-	(56,633)	(9,692)	(66,325)
Disposals (accumulated depreciation)	-	-	56,575	9,616	66,191
Depreciation expense	<u>-</u>	<u>(3,409)</u>	<u>(58,402)</u>	<u>(3,637)</u>	<u>(65,448)</u>
Closing net book amount at December 31,	<u>\$ 466,947</u>	<u>\$ -</u>	<u>\$ 140,927</u>	<u>\$ 16,971</u>	<u>\$ 624,845</u>
At December 31,					
Cost	\$ 466,947	\$ 15,622	\$ 247,398	\$ 18,261	\$ 748,228
Accumulated depreciation	<u>-</u>	<u>(15,622)</u>	<u>(106,471)</u>	<u>(1,290)</u>	<u>(123,383)</u>

\$ 466,947	\$ -	\$ 140,927	\$ 16,971	\$ 624,845
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Note: During the current period, an old building with a book value of \$55,955 (Cost:\$71,577 & Accumulated depreciation:\$15,622) was adjusted addition to book value of the land due to the city renovation. A trust in Chang Hwa Bank was set up upon the land due to the city renovation.

	<u>2020</u>				
	<u>Land</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Leasehold improvements</u>	<u>Total</u>
At January 1,					
Cost	\$ 410,992	\$ 71,577	\$ 185,285	\$ 12,236	\$ 680,090
Accumulated depreciation	-	(8,804)	(82,962)	(6,517)	(98,283)
	<u>\$ 410,992</u>	<u>\$ 62,773</u>	<u>\$ 102,323</u>	<u>\$ 5,719</u>	<u>\$ 581,807</u>
Opening net book amount at January 1,	\$ 410,992	\$ 62,773	\$ 102,323	\$ 5,719	\$ 581,807
Additions	-	-	35,036	-	35,036
Transfers	-	-	45,214	-	45,214
Disposals (cost)	-	-	(26,075)	(2,544)	(28,619)
Disposals (accumulated depreciation)	-	-	25,606	2,544	28,150
Depreciation expense	-	(3,409)	(47,288)	(3,296)	(53,993)
Closing net book amount at December 31,	<u>\$ 410,992</u>	<u>\$ 59,364</u>	<u>\$ 134,816</u>	<u>\$ 2,423</u>	<u>\$ 607,595</u>
At December 31,					
Cost	\$ 410,992	\$ 71,577	\$ 239,460	\$ 9,692	\$ 731,721
Accumulated depreciation	-	(12,213)	(104,644)	(7,269)	(124,126)
	<u>\$ 410,992</u>	<u>\$ 59,364</u>	<u>\$ 134,816</u>	<u>\$ 2,423</u>	<u>\$ 607,595</u>

(10) Leasing arrangements — lessee

A. The Company leases various assets including buildings. Rental contracts are typically made for periods of 3 to 5 years. Lease terms are

negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Buildings	<u>\$ 147,548</u>	<u>\$ 190,744</u>
	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
	<u>Depreciation expense</u>	<u>Depreciation expense</u>
Buildings	<u>\$ 49,216</u>	<u>\$ 29,441</u>

C. For the years ended December 31, 2021 and 2020, the additions to right-of-use assets were \$6,038 and \$188,688, respectively.

D. The information on profit and loss accounts relating to lease contracts is as follows:

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 1,129	\$ 379
Expense on short-term lease contracts	123	644
Gains on lease modification	490	-

E. For the years ended December 31, 2021 and 2020, the Company's total cash outflow for leases was \$43,013 and \$24,055, respectively.

F. Extension and termination options

In determining the lease term, the Company takes into consideration all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. The assessment of lease period is reviewed if a significant event

(11) Intangible assets

~384~

amortisation

	<u>\$</u>	<u>24,125</u>	<u>\$</u>	<u>62,854</u>	<u>\$</u>	<u>86,979</u>
	<u>2020</u>					
	Membership in a foreign Futures					
	<u>Exchange</u>		<u>Others</u>		<u>Total</u>	
At January 1,						
Cost	\$	24,125	\$	35,172	\$	59,297
Accumulated amortisation			-(	18,545)	(	18,545)
	<u>\$</u>	<u>24,125</u>	<u>\$</u>	<u>16,627</u>	<u>\$</u>	<u>40,752</u>
Opening net book amount as at January 1,	\$	24,125	\$	16,627	\$	40,752
Additions			-	2,447		2,447
Transfers			-	11,035		11,035
Disposals (cost)			-(	13,577)	(	13,577)
Disposals (accumulated amortisation)			-	13,577		13,577
Amortisation expense			-(	12,097)	(	12,097)
Closing net book amount as at December 31,	<u>\$</u>	<u>24,125</u>	<u>\$</u>	<u>18,012</u>	<u>\$</u>	<u>42,137</u>
At December 31,						
Cost	\$	24,125	\$	35,077	\$	59,202
Accumulated			-(17,065)	(17,065)

amortisation

\$	<u>24,125</u>	\$	<u>18,012</u>	\$	<u>42,137</u>
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(12) Other current liabilities

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Temporary receipts	\$ <u>31,143</u>	\$ <u>19,584</u>

(13) Bonds payable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Bonds payable	\$ 1,500,000	\$ -
Less: Discount on bonds payable	(<u>2,599</u>)	-
	<u>\$ 1,497,401</u>	<u>\$ -</u>

First issue of unsecured subordinate normal corporate bond in 2021

Par value	\$1,500,000
Stated interest rate	Fixed interest rate at 0.85%
Issuance date	November 12, 2021
Maturity date	November 12, 2028
Issuance area	Taiwan

(14) Pension

A. Defined benefit plan

(A) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who

chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions to cover the deficit by next March.

(B) The amounts recognised in the balance sheet are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Present value of defined benefit obligations	\$ 92,316	\$ 98,594
Fair value of plan assets	(26,045)	(24,852)
Net defined benefit liability	<u>\$ 66,271</u>	<u>\$ 73,742</u>

(C) Movement in net defined benefit liabilities are as follows:

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
<u>Year ended December 31, 2021</u>			
Balance at January 1	\$ 98,594	(\$ 24,852)	\$ 73,742
Interest expense (income)	<u>296</u>	<u>(74)</u>	<u>222</u>
	<u>98,890</u>	<u>(24,926)</u>	<u>73,964</u>
Remeasurements:			
Return on plan assets	-	(369)	(369)

Change in demographic assumptions	54	-	54
Change in financial assumptions	(2,948)	-	(2,948)
Experience adjustments	(1,900)	-	(1,900)
	<u>(4,794)</u>	<u>(369)</u>	<u>(5,163)</u>
Pension fund contribution	-	(750)	(750)
Paid pension	<u>(1,780)</u>	<u>-</u>	<u>(1,780)</u>
Balance at December 31	<u>\$ 92,316</u>	<u>(\$ 26,045)</u>	<u>\$ 66,271</u>

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
<u>Year ended December 31, 2020</u>			
Balance at January 1	\$ 83,729	(\$ 23,142)	\$ 60,587
Interest expense (income)	<u>586</u>	<u>(162)</u>	<u>424</u>
	<u>84,315</u>	<u>(23,304)</u>	<u>61,011</u>
Remeasurements:			
Return on plan assets	-	(783)	(783)
Change in financial assumptions	4,513	-	4,513
Experience adjustments	<u>9,828</u>	<u>-</u>	<u>9,828</u>
	<u>14,341</u>	<u>(783)</u>	<u>13,558</u>
Pension fund contribution	-	(765)	(765)
Paid pension	<u>(62)</u>	<u>-</u>	<u>(62)</u>

Balance at December 31	\$	<u>98,594</u>	(\$	<u>24,852)</u>	\$	<u>73,742</u>
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(D) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2021 and 2020 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(E) The principal actuarial assumptions used were as follows:

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Discount rate	<u>0.60%</u>	<u>0.30%</u>
Future salary increases	<u>3.00%</u>	<u>3.00%</u>

For the years ended December 31, 2021 and 2020, assumptions regarding future mortality rate were estimated in accordance with the 6th Chart and 5th Chart of Life Span Estimate Used by the Taiwan Life Insurance Enterprises. Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

<u>Discount rate</u>		<u>Future salary increases</u>	
<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>
<u>December</u>			

31, 2021

Effect on
present

value
of defined
benefit

obligation (\$ 2,316) \$ 2,403 \$ 2,021 (\$ 1,963)

December

31, 2020

Effect on
present

value
of defined
benefit

obligation (\$ 2,854) \$ 2,968 \$ 2,463 (\$ 2,387)

(F) The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(G) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2022 amount to \$738.

(H) As of December 31, 2021, the weighted average duration of the retirement plan is 10 years.

B. Defined contribution plan

(A) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension

Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(B) The pension costs under defined contribution pension plans of the Company for the years ended December 31, 2021 and 2020, were \$18,617 and \$17,476, respectively.

(15) Share-based payment

A. For the year ended December 31, 2020, the Company’s share-based payment arrangements were as follows:

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Quantity granted</u> <u>(in thousand shares)</u>		<u>Contract period</u>	<u>Vesting conditions</u>
		<u>Grant</u>	<u>(in thousand shares)</u>		
Cash capital increase reserved for employee preemption	February 12, 2020		1,693	N/A	Vested immediately
Cash capital increase reserved for employee preemption	October 8, 2020		3,581	N/A	Vested immediately

The share-based payment arrangements above are settled by equity.

B. The fair value of stock options granted on February 12, 2020 and October 8, 2020 is measured using the Black-Scholes-Merton-option-pricing model. Relevant information is as follows:

Amount in NTD

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Stock price</u>	<u>Exercise price</u>	<u>Exercise</u> <u>price</u>		<u>Expected option life</u>	<u>Expected dividends</u>	<u>Risk-free interest rate</u>	<u>Fair value per unit</u>
				<u>price</u>	<u>Expected volatility</u>				
					(Note1)				

(Note2)

Cash capital increase reserved for employee preemption	February 12, 2020	\$ 55.80	\$ 48.00	10.43%	38 days	N/A	0.46%	\$ 7.82
Cash capital increase reserved for employee preemption	October 8, 2020	\$ 54.10	\$ 45.50	14.20%	20 days	N/A	0.06%	\$ 8.60

Note 1: It was estimated based on annualised standard deviation of returns of the Company.

Note 2: It was the period between the grant date of the capital increase (February 12, 2020 and October 8, 2020) to the payment period end date of employee stock option (March 20, 2020 and October 27, 2020).

C. Expenses incurred on share-based payment transactions are shown below:

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Equity-settled	<u>\$ -</u>	<u>\$ 44,036</u>

(16) Share capital

A. As of December 31, 2021, the Company's authorised capital was \$3,500,000 consisting of 350,000 thousand shares, and paid-in capital was \$2,899,763 with a par value of 10 (in dollars) per share. All proceeds from shares issued have been collected.

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

	<u>2021</u>	<u>2020</u>
At January 1	289,976	232,276
Cash capital increase	-	57,700
At December 31	<u>289,976</u>	<u>289,976</u>

B. On November 17, 2019, the Board of Directors of the Company resolved to increase its capital by issuing common stock, totaling 17,700 thousand shares with a par value of \$10 (in dollars) per share and the issuance price was \$48 (in dollars) per share. The purpose is to fulfill working capital needs. The proceeds amounted to \$849,600 (excluding the issuance cost of \$2,272). The record date of cash capital increase was set on March 25, 2020, and the paid-in capital was \$2,499,763 after the capital increase.

C. On August 20, 2020, the Board of Directors of the Company resolved to increase its capital by issuing common stock, totaling 40,000 thousand shares with a par value of \$10 (in dollars) per share and the issuance price was \$45.5 (in dollars) per share. The purpose is to fulfill working capital needs. The proceeds amounted to \$1,820,000 (excluding the issuance cost of \$4,856). The record date of cash capital increase was set on October 30, 2020, and the paid-in capital was \$2,899,763 after the capital increase.

(17) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(18) Special reserve

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Legal capital reserve	<u>\$ 2,508,054</u>	<u>\$ 2,294,034</u>

- A. According to the “Rules Governing the Administration of Securities Firms”, 20% of the current year's earnings, after paying all taxes and offsetting prior years' operating losses, if any, shall be set aside as special reserve until the cumulative balance equals the total amount of paid-in capital. The special reserve shall be used exclusively to cover accumulated deficit or to increase capital and shall not be used for any other purpose. Such capitalization shall not be permitted unless the Company has already accumulated a special reserve of at least 50% of its paid-in capital and only half of such special reserve may be capitalised. According to the Gin-Gwen-Zheng-Qi Letter No. 1110380212 dated January 21, 2022, provision basis for special reserve should be included in the amount of current year's undistributed earnings other than current year's net income.
- B. The Company transferred provision on bad debt loss that had been set aside but not reversed to special reserve on initial application of IFRSs in accordance with Gin-Gwen-Zheng-Qi Letter No. 1010032090, dated July 10, 2012. Except for offsetting operating losses or special reserve exceeding 50% of the Company's paid-in capital after transferring, the Company could transfer half of special reserve as share capital.
- C. According to other regulations, upon the distribution of earnings, other than the setting aside of legal reserve, an equivalent amount of special reserve should be set aside from earnings after tax of the current year and the undistributed earnings of the prior period based on the decreased amount of stockholders' equity. For the cumulative decrease in stockholders' equity of the prior period, the equal amount of special reserve set aside based on the undistributed earnings should not be distributed. If there is any reversal of the decrease in stockholders' equity, the earnings may be distributed based on the reversal proportion.
- D. In line with aforementioned regulations, the appropriation of 2019 earnings as resolved by the shareholders on May 27, 2020, the Company reversed special reserve in the amount of (\$8,027).

(19) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% and 20% of the remaining amount shall be set aside as legal reserve and special reserve. The remainder, if any, to be retained or to be appropriated shall be resolved by the stockholders at the stockholders' meeting.
- B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the

Company's paid-in capital.

- C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

D. Details of the earnings distribution for 2020 of the Company resolved by the stockholders' meeting on July 5, 2021 and the earnings distribution for 2019 resolved by the stockholders' meeting on May 27, 2020 are as follows:

	<u>2020</u>		<u>2019</u>	
	<u>Amount</u>	<u>Dividends per Share (in dollars)</u>	<u>Amount</u>	<u>Dividends per Share (in dollars)</u>
Legal reserve	\$111,467		\$ 113,580	
Special reserve	214,020		227,160	
Reversal of special reserve (Note)	-		(8,027)	
Cash dividends	811,934 \$	2.80	799,924 \$	3.20

Note : According to the Gin-Gwen-Zheng-Quan Letter No. 10500278285, the Company shall set aside 0.5% special reserve for staff education training, staff transfer or resettlement due to the development of financial technology and the protection of employee's right. The special reserve is reversed in accordance with the letter.

E. On March 10, 2022, the Board of Directors resolved the distribution of profits for 2021 as follows:

	<u>2021</u>
	<u>Amount</u>
	<u>Dividends per Share (in dollars)</u>

Legal reserve	\$	96,480		
Special reserve		192,960		
Cash dividends		666,945	\$	2.30

(20) Other equity items

	Unrealised gains (losses) on <u>valuation</u>		Currency translation <u>differences</u>		<u>Total</u>
At January 1, 2021	\$	1,342,428	(\$	64,985)	\$ 1,277,443
Financial assets at fair value through other comprehensive income					
-Revaluation		471,095		-	471,095
-Revaluation transferred to retained earnings	(	100,387)		-	(100,387)
Currency translation differences					
-Exchange differences		-	(	32,238)	(32,238)
At December 31, 2021	<u>\$</u>	<u>1,713,136</u>	<u>(\$</u>	<u>97,223)</u>	<u>\$ 1,615,913</u>

	Unrealised gains (losses) on <u>valuation</u>		Currency translation <u>differences</u>		<u>Total</u>
At January 1, 2020	\$	1,317,644	(\$	21,375)	\$ 1,296,269

Financial assets at fair value through other comprehensive income			
-Revaluation	80,198	-	80,198
-Revaluation transferred to retained earnings	(55,414)	-	(55,414)
Currency translation differences			
-Exchange differences	<u>-</u>	<u>(43,610)</u>	<u>(43,610)</u>
At December 31, 2020	<u>\$ 1,342,428</u>	<u>(\$ 64,985)</u>	<u>\$ 1,277,443</u>

(21) Brokerage

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Dealers' commissions	<u>\$ 3,551,708</u>	<u>\$ 3,484,081</u>

(22) Net gain on trading of securities

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Revenue from sale of securities - dealing	\$ 6,006,382	\$ 1,251,265
Cost from sale of securities - dealing	<u>(5,886,848)</u>	<u>(1,216,065)</u>
Total	<u>\$ 119,534</u>	<u>\$ 35,200</u>

(23) Clearance fee from consignment

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Clearance fee from consignment - non-related parties	\$ 38,449	\$ 37,703
Clearance fee from consignment - related parties	26,736	35,487
Total	<u>\$ 65,185</u>	<u>\$ 73,190</u>

(24) Net gain on derivative financial instruments

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Non-hedging		
Gains (losses) from futures contract interests		
Futures contract gains	\$ 393,682	\$ 527,256
Futures contract losses	(411,447)	(659,810)
	<u>(\$ 17,765)</u>	<u>(\$ 132,554)</u>
Gains (losses) from options trading		
Gains from options trading	\$ 482,224	\$ 548,452
Losses from options trading	(481,026)	(324,662)
	<u>\$ 1,198</u>	<u>\$ 223,790</u>
Gains (losses) from leverage margin contract transactions		
Gains from leverage margin contract transactions	\$ 197,885	\$ 336,827

Losses from leverage margin contract transactions	(167,456)	(301,995)
	\$ 30,429	\$ 34,832
Gains from derivatives financial instruments	\$ 1,073,791	\$ 1,412,535
Losses from derivatives financial instruments	(1,059,929)	(1,286,467)
	\$ 13,862	\$ 126,068

(25) Service charge

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Service charge - brokerage	\$ 776,978	\$ 745,408
Service charge - dealing	3,572	6,252
Total	\$ 780,550	\$ 751,660

(26) Futures commission

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Entrusted futures transaction	\$ 294,270	\$ 297,791
Futures auxiliary business	356,297	344,152
Total	\$ 650,567	\$ 641,943

(27) Clearance fee

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Clearance fee -	\$ 571,691	\$ 557,650

brokerage

Clearance fee - dealing 2,232 4,230

Total \$ 573,923 \$ 561,880

(28) Operating expenses

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Employee benefit expense	\$ 676,198	\$ 662,662
Depreciation expense	114,664	83,434
Amortisation expense	12,164	12,097
Postage and telephone costs	98,725	95,353
Tax expenses	115,301	104,150
Computer information expenses	102,723	98,959
Donation	10,475	9,642
Institutional membership fees	32,269	33,683
Operating lease payments	123	644
Repair charge	31,254	27,126
Advertising costs	9,646	11,393
Service expenses	14,698	9,784
Other expenses	<u>35,403</u>	<u>35,246</u>
Total	<u>\$ 1,253,643</u>	<u>\$ 1,184,173</u>

(29) Employee benefit expense

<u>For the years ended December 31,</u>	
<u>2021</u>	<u>2020</u>

Wages and salaries	\$	585,887	\$	589,687
Labor and health insurance fees		38,811		34,294
Pension costs		18,839		17,900
Post-employment benefits		12,470		1,683
Other personnel expenses		20,191		19,098
	\$	<u>676,198</u>	\$	<u>662,662</u>

A. In accordance with the Articles of Incorporation of the Company, when distributing earnings, the Company shall distribute bonus to the employees that account for 0.01%~5.00%, of the total distributed amount. For the years ended December 31, 2021 and 2020, employees' compensation was accrued at \$3,952 and \$3,832, respectively, and the aforementioned amounts were recognised in salary expenses.

B. Employees' compensation of 2020 as resolved at the meeting of Board of Directors were in agreement with those amounts recognised in the 2020 financial statements.

C. Information about employees' compensation of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(30) Other gains and losses

For the years ended December 31,

	<u>2021</u>		<u>2020</u>
Interest income	\$	339,968	\$ 694,306
Gains (losses) on disposals of investments		765	(8,623)
Gains (losses) on disposals of property and equipment		271	(259)

Dividend income		152,060		88,007
Net currency exchange losses	(	9,213)	(	15,991)
(Losses) gains on financial assets at fair value through profit or loss	(	210)		1,696
Gains on lease modification		490		-
Others		81,496		65,702
Total		<u>\$ 565,627</u>		<u>\$ 824,838</u>

(31) Income tax

A. Income tax expense

(a) Components of income tax expense:

	<u>For the years ended December 31,</u>				
	<u>2021</u>			<u>2020</u>	
Current tax:					
Current tax on profits for the year	\$	165,816	\$	277,398	
Tax on undistributed surplus earnings		-		1,877	
Prior year income tax under (over) estimation		742	(	7,933)	
Total current tax		<u>166,558</u>		<u>271,342</u>	
Deferred tax:					

Origination and reversal of temporary differences	<u>22,120</u>	<u>(15,861)</u>
Total deferred tax	<u>22,120</u>	<u>(15,861)</u>
Income tax expense	<u>\$ 188,678</u>	<u>\$ 255,481</u>

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Remeasurement of defined benefit obligations	<u>\$ 1,032</u>	<u>(\$ 2,712)</u>

B.Reconciliation between income tax expense and accounting profit

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Tax calculated based on profit before tax and statutory tax rate	\$ 209,792	\$ 265,116
Tax exempt income by tax regulation	(21,856)	(3,579)
Tax on undistributed surplus earnings	-	1,877
Prior year income tax under (over) estimation	<u>742</u>	<u>(7,933)</u>
Income tax expense	<u>\$ 188,678</u>	<u>\$ 255,481</u>

C.Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

For the year ended December 31, 2021

	<u>January 1</u>	<u>Recognised in profit or loss</u>	<u>Recognised in other comprehensive income</u>	<u>December 31</u>
Temporary differences:				
Deferred income tax assets:				
— Accrued pension liabilities	\$ 5,419	(\$ 462)	(\$ 1,032)	\$ 3,925
Unrealised exchange loss	1,492	1,322	-	2,814
Expected credit losses	24,111	(910)	-	23,201

Others	<u>12,625</u>	<u>(10,879)</u>	<u>-</u>	<u>1,746</u>
Subtotal	<u>\$ 43,647</u>	<u>(\$ 10,929)</u>	<u>(\$ 1,032)</u>	<u>\$ 31,686</u>
Deferred income tax liabilities:				
— Others	<u>-</u>	<u>(11,191)</u>	<u>-</u>	<u>(11,191)</u>
Total	<u>\$ 43,647</u>	<u>(\$ 22,120)</u>	<u>(\$ 1,032)</u>	<u>\$ 20,495</u>

For the year ended December 31, 2020

	<u>January 1</u>	<u>Recognised in profit or loss</u>	<u>Recognised in other comprehensive income</u>	<u>December 31</u>
Temporary differences:				
Deferred income tax assets:				
— Accrued pension liabilities	\$ 2,788	(\$ 81)	\$ 2,712	\$ 5,419
Unrealised exchange loss	930	562	-	1,492
Expected credit losses	17,282	6,829	-	24,111
Others	<u>4,074</u>	<u>8,551</u>	<u>-</u>	<u>12,625</u>
Total	<u>\$ 25,074</u>	<u>\$ 15,861</u>	<u>\$ 2,712</u>	<u>\$ 43,647</u>

D.The Company's income tax returns through 2019 have been assessed and approved by the Tax Authority.

The Company's subsidiary, SYF Information Co. Ltd.'s income tax returns through 2019 have been assessed and approved by the Tax Authority.

(32)Earnings per share

For the year ended December 31, 2021

	<u>Amount</u> <u>after tax</u>	<u>Weighted average number of ordinary</u> <u>shares outstanding</u> <u>(share in thousands)</u>	<u>Earnings per share</u> <u>(in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 860,282	289,976	\$ 2.97

For the year ended December 31, 2020

	<u>Amount</u> <u>after tax</u>	<u>Weighted average number of ordinary</u> <u>shares outstanding</u> <u>(share in thousands)</u>	<u>Earnings per share</u> <u>(in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 1,070,099	252,799	\$ 4.23

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The Company's parent and ultimate controlling party is Yuanta Financial Holding Co., Ltd., which owns 66.27% of the Company's shares.

(2) The names and relationship of related parties

<u>Names</u>	<u>Relationship with the Group</u>
Yuanta Financial Holdings	The parent company of the Company
Yuanta Bank Co., Ltd.	The same group of enterprises
Yuanta Securities Co., Ltd.	The same group of enterprises
Yuanta Life Insurance Co., Ltd.	The same group of enterprises
Yuanta Securities Investment Trust Co., Ltd.	The same group of enterprises
Yuanta Securities Investment Consulting Co., Ltd.	The same group of enterprises
Yuanta Securities Korea Co., Ltd.	The same group of enterprises
Yuanta Securities (Hong Kong) Co., Ltd.	The same group of enterprises
Funds managed by Yuanta Securities Investment Trust	The funds managed by same group of enterprises
Yuanta Futures (Hong Kong) Co., Ltd.	The subsidiary company of the Company
Yuanta Cultural & Educational Foundation	Related parties in substance
Yuanta Polaries Research	Related parties in substance
Taiwan Securities Association	A director of Yuanta Group acting as its key management (Note)
Other	Refer to the same enterprise group, parent company, substantial related parties and its major shareholders, key management and its related investment enterprises and other companies or institutions who is also held by the Company's chairman of the director or general manager, or have spouse or relatives in the same position.

Note: Taiwan Securities Association is no longer as related party since January 1, 2021.

(3) Significant related party transactions and balances

A. Cash and cash equivalents/ operating guarantee deposits/ customer margin deposits

<u>December 31, 2021</u>				
	<u>Operating</u>	<u>Customer</u>	<u>Futures trading margin</u>	
	<u>Bank deposits</u>	<u>guarantee deposits</u>	<u>margin deposits</u>	<u>Own funds</u>
				<u>Excess margin</u>

Subsidiary					
Yuanta Futures					
(Hong Kong)	\$	\$	\$	\$	\$
Co., Ltd.	-	-	519,977	205	15,425
Fellow subsidiary					
Yuanta Bank	3,188,646	140,000	16,272,127		
Co., Ltd.				=	=
	<u>\$ 3,188,646</u>	<u>\$ 140,000</u>	<u>\$ 16,792,104</u>	<u>\$ 205</u>	<u>\$ 15,425</u>

December 31, 2020

	Operating		Customer	Futures trading margin	
	<u>Bank deposits</u>	<u>guarantee deposits</u>	<u>margin deposits</u>	<u>Own funds</u>	<u>Excess margin</u>
Subsidiary					
Yuanta Futures					
(Hong Kong)	\$	\$	\$	\$	\$
Co., Ltd.	-	-	465,625	1,515	25,516
Fellow subsidiary					
Yuanta Bank Co., Ltd.	880,409	140,000	11,408,201	-	-
	<u>\$ 880,409</u>	<u>\$ 140,000</u>	<u>\$ 11,873,826</u>	<u>\$ 1,515</u>	<u>\$ 25,516</u>

B.Leverage margin contract trading client margin deposits

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Fellow subsidiary		
Yuanta Bank Co., Ltd.	\$ 200,734	\$ 257,218

C.Accounts receivable - related parties

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Fellow subsidiary		
Yuanta Securities Co., Ltd.	\$ <u>2,002</u>	\$ <u>3,569</u>

D.Prepayments

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Fellow subsidiary		
Yuanta Life Insurance Co., Ltd.	\$ <u>1,449</u>	\$ <u>1,351</u>

E.Other receivables - related parties

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Fellow subsidiary		
Yuanta Bank Co., Ltd.	\$ <u>4,165</u>	\$ <u>3,876</u>

F.Leasing arrangements — lessee

a.The Company leases buildings from Yuanta Bank Co., Ltd., Yuanta Securities Co., Ltd. and Yuanta Life Insurance Co., Ltd. with a lease term from 2.5 months to 5 years and rents are paid monthly.

b.Acquisition of right-of-use assets

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Fellow subsidiary		
Yuanta Bank Co., Ltd.	\$ 1,949	\$ -
Yuanta Securities Co., Ltd.	4,089	-
Yuanta Life Insurance Co., Ltd.	-	188,688
	<u>\$ 6,038</u>	<u>\$ 188,688</u>

c. Rental expense

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Fellow subsidiary		
Yuanta Bank Co., Ltd.	\$ 16	\$ 37
Yuanta Securities Co., Ltd.	39	244
	<u>\$ 55</u>	<u>\$ 281</u>

d. Lease liabilities

(a) Outstanding balance

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Fellow subsidiary		
Yuanta Bank Co., Ltd.	\$ 7,051	\$ 891
Yuanta Life Insurance Co., Ltd.	153,175	188,902
Yuanta Securities Co., Ltd.	-	5,636
	<u>\$ 160,226</u>	<u>\$ 195,429</u>

(b) Interest expense

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Fellow subsidiary		
Yuanta Bank Co., Ltd.	\$ 26	\$ 14
Yuanta Life Insurance Co., Ltd.	1,083	214
Yuanta Securities Co., Ltd.	8	129
	<u>\$ 1,117</u>	<u>\$ 357</u>

G. Refundable deposits

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Fellow subsidiary		
Yuanta Bank Co., Ltd.	\$ 10,304	\$ 10,199
Yuanta Life Insurance Co., Ltd.	6,740	6,991
Yuanta Securities Co., Ltd.	-	5,154
A director of Yuanta Group acting as its key management		
Taiwan Securities Association	-	300
	<u>\$ 17,044</u>	<u>\$ 22,644</u>

H. Futures traders' equity

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Subsidiary		
Yuanta Futures (Hong Kong) Co., Ltd.	\$ 165,748	\$ 140,472
Fellow subsidiary		
Yuanta Bank Co., Ltd.	84,459	-
Yuanta Securities Co., Ltd.	4,754,268	7,280,656
Yuanta Securities (Hong Kong) Co., Ltd.	118,304	91,086
Yuanta Securities Korea Co., Ltd.	209,437	200,709
Funds managed by fellow subsidiary		
Funds managed by Yuanta Securities Investment Trust	29,244,360	28,223,681

Other related parties	88,823	73,478
	<u>\$ 34,665,399</u>	<u>\$ 36,010,082</u>

I. Accounts payable - related parties

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Fellow subsidiary		
Yuanta Securities Co., Ltd.	\$ 19,749	\$ 23,586

J. Other payables - related parties

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Parent Company		
Yuanta Financial Holdings	\$ 724	\$ 30
Fellow subsidiary		
Yuanta Securities Co., Ltd.	51	186
Yuanta Life Insurance Co., Ltd.	1,040	-
Other related parties	27	9
	<u>\$ 1,842</u>	<u>\$ 225</u>

K. Brokerage

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Subsidiary		
Yuanta Futures (Hong Kong) Co., Ltd.	\$ 936	\$ 698

Fellow subsidiary		
Yuanta Bank Co., Ltd.	551	22
Yuanta Securities Co., Ltd.	84,103	100,481
Yuanta Securities (Hong Kong) Co., Ltd.	6,810	3,980
Yuanta Securities Korea Co., Ltd.	2,047	4,121
Funds managed by fellow subsidiary		
Funds managed by Yuanta Securities	134,998	140,818
Investment Trust		
Other related parties	8,662	6,723
	<u>\$ 238,107</u>	<u>\$ 256,843</u>

L.Dividend income

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Funds managed by fellow subsidiary		
Funds managed by Yuanta Securities		
Investment Trust	\$ -	\$ 873

M.Securities commissions revenue

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Fellow subsidiary		
Yuanta Securities Co., Ltd.	\$ 19,880	\$ 7,972

N. Clearance fee from consignment

		<u>For the years ended December 31,</u>	
		<u>2021</u>	<u>2020</u>
Fellow subsidiary			
Yuanta Securities Co., Ltd.	\$	26,736	\$ 35,487

O. Futures advisory revenues

		<u>For the years ended December 31,</u>	
		<u>2021</u>	<u>2020</u>
Fellow subsidiary			
Yuanta Securities Co., Ltd.	\$	88	\$ 93

P. Other operating revenues - Co-marketing revenue

		<u>For the years ended December 31,</u>	
		<u>2021</u>	<u>2020</u>
Fellow subsidiary			
Yuanta Securities Investment Trust	\$	1	\$ 1
Yuanta Bank Co., Ltd.		-	1
	\$	1	\$ 2

Q. Futures commissions expense and consigned/entrusted foreign futures trading commissions

		<u>For the years ended December 31,</u>	
		<u>2021</u>	<u>2020</u>
Subsidiary			
Yuanta Futures (Hong Kong) Co., Ltd.	\$	7,942	\$ 6,377
Fellow subsidiary			

Yuanta Securities Co., Ltd.	303,403	284,601
	<u>\$ 311,345</u>	<u>\$ 290,978</u>

The Company engaged with Yuanta Securities Co., Ltd., and Yuanta Futures (Hong Kong) Co., Ltd. for the purpose of futures trading and consigned/entrusted foreign futures trading, that is, the Company acts as an agent for trading of futures contracts and futures option contracts for its customers. The futures commission expense and payment terms do not have any significant difference between related parties and non-related parties.

R.Service fees

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Fellow subsidiary		
Yuanta Securities Investment Consulting Co., Ltd.	\$ 3,600	\$ 3,600
Yuanta Securities Co., Ltd.	1,874	1,748
	<u>\$ 5,474</u>	<u>\$ 5,348</u>

S.Interest income

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Subsidiary		
Yuanta Futures (Hong Kong) Co., Ltd.	\$ 210	\$ 845
Fellow subsidiary		
Yuanta Bank Co., Ltd.	89,062	105,680
Yuanta Life Insurance Co., Ltd.	53	18
Yuanta Securities Co., Ltd.	19	54

A director of Yuanta Group acting as its
key management

Taiwan Securities Association	-	3
	<u>\$ 89,344</u>	<u>\$ 106,600</u>

Interest income includes the interest from demand deposits, time deposits, customer margin deposits, and operating guarantee deposits.
See Note 6(7) for details of operations guarantee deposits.

T. Interest expense

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Subsidiary		
Yuanta Futures (Hong Kong) Co., Ltd.	\$ 2	\$ 32
Fellow subsidiary		
Yuanta Bank Co., Ltd.	5	4
Yuanta Securities (Hong Kong)	-	56
Co., Ltd.		
Yuanta Life Insurance Co., Ltd.	53	18
Yuanta Securities Co., Ltd.	935	1,522
Yuanta Securities Korea Co., Ltd.	6	74
Funds managed by fellow subsidiary		
Funds managed by Yuanta Securities	1,952	11,708
Investment Trust		
	<u>\$ 2,953</u>	<u>\$ 13,414</u>

U. Donation expenditure

<u>For the years ended December 31,</u>			
	<u>2021</u>		<u>2020</u>
Yuanta Cultural & Education Foundation	\$ 4,000	\$	2,750
Yuanta Polaris Research	1,050		1,190
	<u>\$ 5,050</u>	<u>\$</u>	<u>3,940</u>

V. Property transactions

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Acquisition of financial assets		
Funds managed by fellow subsidiary		
Funds managed by Yuanta Securities Investment Trust	\$	\$
	-	1,349

The gains (losses) on disposal of funds managed by fellow subsidiary were \$692 and (\$9,755) for the years ended December 31, 2021 and 2020, respectively.

In the year 2021, the Company sold transportation equipment to Yuanta Securities Co., Ltd., the disposal price was \$405, and gains on disposal was \$347.

In the year 2020, the Company purchase transportation equipment from Yuanta Securities Co., Ltd. and Yuanta Bank Co., Ltd.. The price of transportation equipment were \$590 and \$850, respectively and classified as equipment.

(4) Key management compensation

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Salaries and other short-term employee benefits	\$ 203,555	\$ 180,609
Post-employment benefits	4,359	5,363
Other long-term benefits	1,923	1,896
	<u>\$ 209,837</u>	<u>\$ 187,868</u>

8. PLEDGED ASSETS

None.

9. SIGNIFICANT COMMITMENTS AND CONTINGENT LIABILITIES

As of December 31, 2021, the amount for the contracts of capital expenditures signed by the Company is \$355,208. Based on the contracts, the amount that was paid is \$143,305 and the amount that was not yet paid is \$211,903.

10. SIGNIFICANT LOSS FROM NATURAL DISASTER

None.

11. DERIVATIVE INSTRUMENT TRANSACTIONS

The Company had derivative financial instrument trading as follows:

December 31, 2021

<u>Item</u>	<u>Object of transaction</u>	<u>Open Interest</u>		<u>Margin paid (received)</u>	<u>Fair value</u>	<u>Remarks</u>
		<u>Buyer /Seller</u>	<u>Number of contract(s) (lot)</u>			
Futures contracts	TX	Buyer	4	\$ 14,533	\$ 14,567	
(Domestic)	MTX	Buyer	6	5,484	5,467	
	MTX	Seller	27	(24,574)	(24,582)	
	Stock Futures	Buyer	462	133,635	135,388	
	Stock Futures	Seller	1,045	(221,912)	(225,729)	
	TF	Buyer	1	1,714	1,714	
Futures contracts	Index Futures	Buyer	5	17,067	17,039	
(Overseas)	Index Futures	Seller	5	(20,604)	(20,567)	
	Metal Futures	Buyer	2	990	1,012	
	Energy Futures	Seller	2	(4,180)	(4,164)	
Option contracts	TXO	Buy call		589	780	

			45			
(Domestic)	TXO	Buy put	48	514		439
	TXO	Sell call	48	(575)	(	611)
	TXO	Sell put	45	(516)	(	315)

Note: The Company does not have any derivative financial instruments for hedging purpose.

December 31, 2020

<u>Open Interest</u>						
<u>Item</u>	<u>Object of transaction</u>	<u>Buyer /Seller</u>	<u>Number of contract(s) (lot)</u>	<u>Margin paid (received)</u>	<u>Fair value</u>	<u>Remarks</u>
Futures contracts	TX	Buyer	28	\$ 81,660	\$ 82,197	
(Domestic)	TX	Seller	6	(17,374)	(17,614)	
	MTX	Buyer	252	183,531	185,025	
	MTX	Seller	29	(21,205)	(21,308)	
	Stock Futures	Buyer	1,823	243,912	270,184	
	Stock Futures	Seller	1,664	(111,447)	(117,229)	
	TE	Buyer	4	11,457	11,477	
	TF	Seller	4	(4,994)	(5,114)	
Futures contracts	Grain Futures	Buyer	1	469	494	
(Overseas)	Energy Futures	Buyer	5	8,118	8,129	

Option contracts (Domestic)	Index Futures	Buyer	6		38,761		39,039
	Index Futures	Seller	9	(	19,520)	(	19,509)
	TXO	Buy call	60		949		1,411
	TXO	Buy put	396		2,493		1,588
	TXO	Sell call	372	(	6,995)	(	8,687)
	TXO	Sell put	62	(	196)	(	116)
	Stock options	Buy call	66		300		569
	Stock options	Buy put	132		667		301
	Stock options	Sell call	272	(	2,928)	(	4,174)
	Stock options	Sell put	20	(	82)	(	44)
	TEO	Sell call	20	(	205)	(	311)
	TFO	Buy call	20		173		297

Note: The Company does not have any derivative financial instruments for hedging purpose.

12. RESTRICTIONS AND ENFORCEMENT OF THE COMPANY'S VARIOUS FINANCIAL RATIOS UNDER R.O.C. FUTURES COMMISSION

MERCHANTS LAWS

According to Regulations Governing Futures Commission Merchants

Article	Calculation formula	December 31, 2021		December 31, 2020		Standard	Enforcement (Note3)
		Calculation	Ratio	Calculation	Ratio		
17	<u>Equity</u> (Total liabilities - Future traders' equity)	<u>12,349,898</u> 2,434,221	5.07	<u>11,858,562</u> 1,289,338	9.20	≥ 1	Satisfied
17	<u>Current assets</u> Current liabilities	<u>90,816,473</u> 81,596,771	1.11	<u>91,215,855</u> 83,636,571	1.09	≥ 1	Satisfied
22	<u>Equity</u> Minimum paid - in capital (Note 1)	<u>12,349,898</u> 1,060,000	1165.08%	<u>11,858,562</u> 1,060,000	1118.73%	≥ 60% ≥ 40%	Satisfied
22	<u>Adjusted net capital</u> Total margin deposit required for futures traders, not yet off-set	<u>10,619,823</u> 16,408,186	64.72%	<u>8,480,028</u> 15,541,267	54.56%	≥ 20% ≥ 15%	Satisfied

Note 1: "Minimum paid-in capital" shall be in compliance with futures commission merchants standard set of capital amount or designated appropriation of operating capital amount.

Note 2: For the entrusted foreign futures trading of foreign futures merchants, the standard ratios (equity / minimum paid-in capital) are adjusted to 50% and 30%, respectively.

Note 3: "Enforcement" column shall state whether or not the financial ratio requirements are satisfied; if not, an explanation is needed to be filed with a specific appointed institution or establish an improvement plan.

13. SPECIFIC INHERENT RISKS IN OPERATING AS FUTURES DEALER

(1) Credit risk is the main risk for engaging in futures brokerage business since the Company must demand collecting trading margin deposits from customers. The credit risk occurs when the customers fail to pay margin deposits. The Company acts as agents for trading futures and options contracts and should pay attention to daily margin credit as to control credit risk. Market risk is also noted in the industry due to dealer business. Dealer business is price index sensitive, therefore, the Company pre-sets stop loss point for risk management purposes.

(2) The specific risks of the Company's futures brokerage business are outlined below:

Futures trading has a characteristic of low margin. Therefore, the risks of futures trading include: when the futures market trend is unfavorable for customers, futures firms may demand to collect additional trading margin deposits from customers to keep certain margin level. If the customers fail to pay margin deposits in a period prescribed, futures firms have the right to offset the contract amount of the customers by the additional margin deposits demanded. Further, futures firms may incur losses when futures market prices fluctuate drastically and the customers are unable to settle futures contracts.

(3) See Note 21 for significant financial risk information on futures dealer business.

14. SEGMENT INFORMATION

In accordance to Article 28 of the Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants 28, when futures commission merchants prepare parent company only financial statements, it is not required to prepare segment information within the scope of IFRS 8.

15. SUBSEQUENT EVENTS

On June 30, 2021, to streamline organization structure, the Board of Directors of the Company approved to liquidate SYF Information (Shanghai) Limited. The liquidation had been approved by the competent authority on July 12, 2021. The local competent authority approved the liquidation on February 14, 2022, and the process is still ongoing.

16. RELATED INFORMATION OF SIGNIFICANT TRANSACTIONS

(1) Financing activities to any company or person: None.

(2) Endorsements and guarantees provided: None.

(3) Acquisition of real estate properties exceeding \$300 million or 20% of the Company's paid-in capital: None.

(4) Disposal of real estate properties exceeding \$300 million or 20% of the Companies' paid-in capital: None.

(5) Handling fee discounts on transactions with related parties in excess of NT\$5,000,000 : None.

(6) Accounts receivable from related parties reaching \$100 million or over 20% of paid-in capital balance: None.

17. INFORMATION ON INVESTEEES

(1) Names of investee companies, locations, and related information are as follows:

Investor	Investee	Location	Set up date	FSC Approved Number	Main business activities	Initial investment amount		Shares held as at December 31, 2021		
						Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares (in thousands)	Ownership (%)	Book value
Yuanta Futures Co., Ltd.	Yuanta Futures (Hong Kong) Co., Ltd.	Hong Kong	2010.12.2	Gin-Gwen-Zheng-Qi Letter No.0990055943	Financial Services	1,033,971	1,033,971	34,000	100.00%	855,254
Yuanta Futures Co., Ltd.	SYF Information Co., Ltd.	Taiwan	2012.11.9	Gin-Gwen-Zheng-Qi Letter No.1010035210	Information Technology Services	350,000	350,000	35,000	100.00%	286,527

(2) Information on investee companies with direct or indirect controlling interest is as follows:

A. Financing activities to any company or person: None.

B. Endorsements and guarantees provided: None.

C. Acquisition of real estate properties exceeding \$300 million or 20% of the Company's paid-in capital: None.

D. Disposal of real estate properties exceeding \$300 million or 20% of the Company's paid-in capital: None.

E. Handling fee discounts on transactions with related parties in excess of \$5 million : None.

F. Accounts receivable from related parties reaching \$100 million or over 20% of paid-in capital: None.

G. Other: Significant transactions between parent company and subsidiaries: None.

18. DISCLOSURE OF INFORMATION ON SETTING UP BRANCH OFFICES AND REPRESENTATIVE

None.

19. DISCLOSURE OF INFORMATION ON INDIRECT INVESTMENT IN MAINLAND CHINA

(1) Basic information:

Name of investee in Mainland China	Main business activities	Issued capital	Investment method (Note 1)	Beginning balance of foreign investment from Taiwan	Investment movement within this period		Ending balance of foreign investment from Taiwan	Net income (loss) of the investee	Percentage of direct or indirect investment holding (%)	Gain (loss) recognised during the period (Note 2) (2.C)	Book value as of December 31, 2021	Accumulated gain returned at end of period
SYF Information (Shanghai) Limited	Research & development and production of computer software, etc.	\$157,209	(3)	\$157,209	\$ -	\$ -	\$ 157,209	(\$ 356)	100	(\$ 356)	\$113,698	-
Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)												
Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021				Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)				Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA				
\$				157,209				\$				
								174,000				
								\$				
								7,409,939				

Note 1: Investment types are categorised into three sub-sections, as follows:

(1) Direct investment in entities of Mainland China.

(2) Reinvest in entities of Mainland China through indirect investment in the third place.

(3) Through a subsidiary to invest in a company in Mainland China.

Note 2: In the 'Gain (loss) recognised during the period' column:

(1) It should be indicated if the investee was still in the incorporation stage and had not yet any profit during this period.

(2) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:

A. The financial statements that are audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.

B. The financial statements that are audited and attested by R.O.C. parent company's CPA.

C. Others.

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

(2) Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas:
None.

(3) On June 30, 2021, to streamline organization structure, the Board of Director of Yuanta Futures approved to liquidate SYF Information (Shanghai) Limited. The liquidation had been approved by the competent authority on July 12, 2021. The local competent authority approved the liquidation on February 14, 2022, and the process is still ongoing.

20. MAJOR SHAREHOLDERS INFORMATION

Futures commission merchants, whose stocks are listed for trading on the stock exchange or over-the-counter exchange, shall disclose the name, the number of shares held and shareholding ratio of the shareholders with a shareholding ratio of 5 percent or greater.

Shares Major Shareholder	Number of shares held (thousands)	Shareholding ratio
Yuanta Financial Holdings Co., Ltd.	192,167	66.27%
Cathay Life Insurance Co., Ltd.	23,998	8.27%
Luo Sheng Fong Co., Ltd.	17,711	6.10%

21. FINANCIAL RISK MANAGEMENT

(1)Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company adopted to strengthen risk-adjusted return on capital, which allocated the Company's capital effectively.

(2)Financial instruments

The methods of reporting derivative financial instruments on financial statements: please refer to the Notes 6(1), 6(2), 6(24).

(3)Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Inputs that are quoted prices (unadjusted) in active markets for identical assets or liabilities. An active market has to satisfy all the following conditions: a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in listed stocks, beneficiary certificates and derivative instruments with quoted market prices is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data. The fair value of the Company's investment in equity investment without active market is included in Level 3.

B. Financial instruments not measured at fair value

(A) The carrying amounts of cash and cash equivalents, customer margin deposits, futures trading margin receivable, security leading deposits, accounts receivable, accounts

receivable – related parties, other receivables, other receivables – related parties, leverage margin contract trading client margin deposits, other current assets, operating guarantee deposits, clearing and settlement funds, refundable deposits, futures traders' equity, leverage margin contract transaction traders' equity, accounts payable, accounts payable – related parties, other payables, other payables – related parties and other current liabilities are approximate to their fair values.

C. The related information of financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities as at December 31, 2021 and 2020 is as follows:

December 31, 2021	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Assets</u>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Listed stocks	\$ 231,793	\$ -	\$ -	\$ 231,793
Futures	16,347	-	-	16,347
Options	1,219	-	-	1,219
Derivatives				
Assets				
- Leverage margin contract transaction	-	36,525	-	36,525
Financial assets at fair value through other comprehensive income				
Equity securities	933,305	=	1,806,258	2,739,563
Total	<u>\$ 1,182,664</u>	<u>\$ 36,525</u>	<u>\$ 1,806,258</u>	<u>\$ 3,025,447</u>
<u>Liabilities</u>				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Options	<u>\$ 926</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 926</u>

	(Blank)			
December 31, 2020	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Assets</u>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Listed stocks	\$ 178,080	\$ -	\$ -	\$ 178,080
Beneficiary certificates	601,666	-	-	601,666
Futures	62,741	-	-	62,741
Options	4,166	-	-	4,166
Derivatives				
Assets				
- Leverage margin contract transaction				
Financial assets at fair value through other comprehensive income				
Equity securities	<u>759,128</u>	<u>-</u>	<u>1,514,827</u>	<u>2,273,955</u>
Total	<u>\$ 1,605,781</u>	<u>\$ 13,537</u>	<u>\$ 1,514,827</u>	<u>\$ 3,134,145</u>
<u>Liabilities</u>				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Options	\$ 13,332	\$ -	\$ -	\$ 13,332
Security borrowing payable - non-hedging	<u>207,340</u>	<u>-</u>	<u>-</u>	<u>207,340</u>
Total	<u>\$ 220,672</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 220,672</u>

D. The methods and assumptions the Company used to measure fair value are as follows:

(A) The fair value of financial instruments traded in active markets is based on quoted market

prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the closing price. These instruments are included in level 1. Instruments included in level 1 comprise primarily equity instruments and debt instruments classified as financial assets/financial liabilities at fair value through profit or loss, or financial assets at fair value through other comprehensive income.

- (B) The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- (C) If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.
- (D) Specific valuation techniques used to value financial instruments include:
- Quoted market prices or dealer quotes for similar instruments.
 - Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.
- E. For the years ended December 31, 2021 and 2020, there were no transfer between Level 1 and Level 2.
- F. The following table presents the changes in level 3 instruments for the years ended December 31, 2021 and 2020.

	<u>Equity securities</u>	
January 1, 2021	\$	1,514,827
Gains and losses recognised in other comprehensive income (Note)		<u>291,431</u>
December 31, 2021	<u>\$</u>	<u>1,806,258</u>
	<u>Equity securities</u>	
January 1, 2020	\$	1,518,539
Gains and losses recognised in other comprehensive income (Note)	(	<u>3,712)</u>
December 31, 2020	<u>\$</u>	<u>1,514,827</u>

Note: Recorded as unrealised valuation gain or loss on financial assets at fair value through other comprehensive income.

- G. The following is the quantitative information of significant unobservable inputs to valuation model used in Level 3 fair value measurement:

<u>Fair value at December 31, 2021</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
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Non-derivative equity

Non-listed stocks	\$	1,806,258	Market multiplier approach	Discount of marketability	40%	The higher the discount of marketability, the lower the fair value
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	<u>Fair value at December 31, 2020</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity					

Non-listed stocks	\$	1,514,827	Market multiplier approach	Discount of marketability	40%	The higher the discount of marketability, the lower the fair value
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- H. The valuation process for fair values classified at Level 3 is the responsibility of the risk management department, which verifies the financial instrument's fair value. The result of the evaluation is then reviewed and approved by the risk management department of the Company's parent company. The risk management department evaluates the independence, reliability, consistency, and representativeness of the information source, and periodically verifies the valuation model and calibrates the valuation parameters, ensuring the valuation process and valuation results are in accordance with IFRS's requirements.
- I. Use of different valuation models or assumptions may result in difference measurement. The following is the effect of profit or loss or of other comprehensive income from financial instruments categorised within Level 3 if the valuation input of financial instrument classified in Level 3 moves upward or downward by 1%:

December 31, 2021

Recognised in other comprehensive income

Favourable change

Unfavourable change

Financial assets

Equity instrument	\$	7,741	(\$	7,741)
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December 31, 2020

Recognised in other comprehensive income

Favourable change

Unfavourable change

Financial assets

Equity instrument	\$	5,050	(\$	5,050)
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(4) System of risk management

A. Objectives of risk management

The Company controls any potential losses that might incur in operations within its tolerable limits by increasing completeness of risk management mechanism, establishing efficient risk management measures, models and systems, and monitoring the changes of whole risks strictly.

B. Risk management system

The Company's risk management system is in compliance with the "Risk Management Policy" of Yuanta Financial Holding Co., Ltd. and "Risk Management Practice Principles for Futures Commission Merchants" of Taiwan Futures Exchange. The Company has established the Risk Management Policy, which is the internally highest risk management standard authorised by the Board of Directors, comprising objectives, scopes, powers and responsibilities, and procedures of risk management.

C. Organizational structure of risk management

(A) The Company's organizational structure of risk management comprises the Board of Directors, Audit Committee, high management level, Risk Management Department, Legal Compliance Department, Auditing Office, each business unit and each functional committee; they all together form three lines of defense for risk management.

a. First line of defense: this includes each business unit and each functional committee, whose personnel are serving in the operational or administration division and have responsibilities for risk identification, risk assessment and risk control.

b. Second line of defense: this includes high management level, Risk Management Department and Legal Compliance Department, which are responsible for risk monitoring, risk management and taking measures in response to risk issues in accordance with the Company's Risk Management Policy. The Company also takes part in the Risk Management Committee of Yuanta Financial Holding Co., Ltd. for integration of risk control and management in the Company.

c. Third line of defense: this includes the Board of Directors, Audit Committee and Auditing Office. Auditing Office conducts audits especially in the risk consideration to ensure every risk is under control.

(B) The function of each unit in the structure of risk management of the Company is as follows:

a. The Board of Directors: The Board of Directors has ultimate responsibility for risk management on all businesses and operations in the Company; it shall be fully aware of every risk exposure to the Company, and then determines tolerable limit for every risk, allocates resources effectively, and authorizes relevant departments to execute risk measures for the achievement of effective risk management. The Board of Directors hears risk management and other related reporting by Risk Management Department, Auditing Office and Finance Department regularly to evaluate the impact of every risk and the impact on capital allocation, and determines responding strategies.

b. Audit Committee: Audit Committee directs the execution of the risk management system under the commission of the Board of Directors; its main duties include review of the Company's risk scopes and risk toleration capability, of the Risk Management Policy and relevant principles, and of annual authorised acceptable limit of risk of each kind, as well as directing the execution of the risk management system.

c. Risk Management Department: this department, an independent department under the

Board of Directors, is responsible for market risk, liquidity risk and credit risk management, and controls operational risk with Auditing Office together; its main duties include daily risk monitoring and assessments of risk management affairs. Risk Management Department exercises its authority independently from business units and trading activities, and holds accountability to the Board of Directors directly. By employing the risk management information system, Risk Management Department checks the use status of risk limits authorized to each business unit, and assesses risk exposures and extent of risk concentration, and submits risk management reports regularly.

- d. Auditing Office: Auditing Office, an independent department under the Board of Directors, is responsible for legislation and internal control system compliance management, operational risk management and supervision of operational risk management procedures. In accordance with the internal control rules of regulatory authorities, and adjusted operational risk management procedures appropriately in line with the amendments to the regulations of regulatory authorities, Taiwan Futures Exchange and Chinese National Futures Association or for the changes in the Company's business.
- e. Legal Compliance Department: this department is responsible for review of legal compliance for the Company's businesses, operations, trading and transaction contracts/documents and offering legal options on those aspects and pushing the execution of legal compliance within the Company together with Auditing Office.
- f. Each business unit: Each business unit is liable for the first-line risk management. The directors of each business unit are in charge of the whole risk management on businesses and trading activities of the unit, including analyzing and controlling risk exposures, drawing up responding plans and taking measures against risk when necessary, and also conveying related information to Risk Management Department to ensure the risk control mechanism and procedures are all effectively executed, and comply with the legislation and the Company's Risk Management Policy and regulations.

D. Procedures of risk management

The Company's procedures of risk management include risk identification, risk measurement, risk management and risk reporting. The design of these procedures is to ensure all risks faced by the Company can be effectively controlled.

- (A) Risk identification: The Company identifies risks, through business and product analyses, that may arise during the courses of operations, including market risk, credit risk, liquidity risk, operational risk, legal risk and model risk, and finds out risk factors of risk exposure of each kind, selects appropriate method of risk measurement, and establishes risk indexes and judgment principles and risk control procedures that can be connected to the internal information system.
- (B) Risk management: The Company measures market risk by using scenario analysis, sensitivity analysis and VaR model and credit risk by using the credit rating system, option pricing model and following the Company's credit risk assessment rules. Operational risk is controlled by establishing standard operating procedures, establishing internal and external event notification mechanism, reviewing current operating procedures and employing operational risk management methods.
- (C) Risk management: Risk monitoring and control are performed through the establishment of acceptable limits of risks and division of authority and responsibilities. Different risk

management tools and information systems and statements are developed and employed for different risks to raise the efficiency and quality of risk management.

- (D) Risk reporting: Risk information and risk management performing results are compiled as risk management statements or reports. These results are disclosed periodically and provided as a reference to the management in making risk management policy and rules.

E. Hedging and risk diminishing strategies

The Company has established hedging tools and hedging mechanisms for risks of each business based on its capital scale and risk toleration capability. Through hedging mechanisms, the Company may restrict risks within authorised limits, and employ authorised financial instruments, based on market conditions, business strategies, characteristics of commodities and risk management rules, to adjust risk positions within acceptable levels.

F. The impact of COVID-19

According to Gin-Gwen-Zhang-Quan Letter No. 1090362692 and IASB, the Company has conducted an assessment of COVID-19 related implications regarding impairment and valuation of financial instruments and disclosures. The scope of assessment entailed (1) the Company's ability to continue as a going concern, (2) impairment of non-financial instruments, (3) financing risk, (4) the risk assessment and ongoing monitoring of bond investment and its expected credit loss. The COVID-19 pandemic had no impact on the Company based on its assessment. However, the Company will keep track of the development of the COVID-19 pandemic, as well as assess the significant impact on the Company's financial condition and financial performance and manage it accordingly.

(5) Market risk

The Company's financial assets include bank deposits, other short-term notes and bills authorised by Ministry of Finance, domestic listed stocks, securities investment trust funds, offshore funds authorised by competent authorities to be raised and sold in ROC, futures trust funds, futures trading listed in Article 5 of Futures Trading Act, other financial instruments authorised by competent authorities. The fair value of these financial assets would be changed by the fluctuations of market prices or interest rates.

To manage market risk, the Company has established the Rules of Financial Instruments Investment Risk Management, and established various control mechanisms based on the characteristics of financial instrument risks, such as position limits, profit and loss limits, and special authorization. The Company also conducts market risk quantitative management by employing VaR model in the measurement and control of market risk of each position.

Through the VaR model, the Company measures market risk by estimating maximum possible losses of the trading positions for the next day at the 99% confidence level. According to the types of trading, the VaR of equity trading, commodity trading, foreign-exchange-rate trading and interest-rate trading are as follows:

<Table> VaR of Trading of Different Types

Period: January 1 ~ December 31, 2021

Amount in thousands of NTD

<u>Type of Trading</u>	<u>Equity</u>	<u>Commodity</u>	<u>Foreign Exchange Rate</u>	<u>Interest Rate</u>	<u>Total</u>
December 31, 2021	\$ 6,643	\$ 206	\$ 206	\$ -	\$ 6,281

Average	2,884	307	378	-	2,908
Lowest	283	1	199	-	461
Highest	23,814	1,391	739	-	23,743

Period: January 1 ~ December 31, 2020

Amount in thousands of NTD

<u>Type of Trading</u>	<u>Equity</u>	<u>Commodity</u>	<u>Foreign Exchange Rate</u>	<u>Interest Rate</u>	<u>Total</u>
December 31, 2020	\$ 4,509	\$ 794	\$ 715	\$ -	\$ 4,743
Average	4,292	321	478	-	4,211
Lowest	521	2	270	-	590
Highest	49,719	1,538	1,676	-	48,760

Note 1 : Trading included futures dealer trading and securities dealer trading but not including medium and long-term securities investment.

Note 2 : Total category of value-at-risk may be less than the amount of value-at-risk of equity, commodity, foreign exchange rate and interest rate, that's due to diversification effects between different categories.

To ensure the VaR model can reasonably, completely and correctly measure the maximum potential risk of the financial instrument or portfolio, the Company continues to run model validation and back testing to ensure that the Company's VaR model can reasonably measure maximum potential losses of financial instruments or portfolios.

(6)Credit risk

A. The Company is exposed to credit risk from financial trading, including issuer credit risk, counterparty credit risk and underlying asset credit risk.

(A) Issuer credit risk occurs when issuer (or guarantor) of the financial debt instruments held by the Company or bank with which the Company deposits money fails to fulfill contractual obligations (or guarantor's obligations) because of its default, bankruptcy or liquidation, which would cause a financial loss to the Company.

(B) Counterparty credit risk occurs when counterparty of the financial instrument transaction undertaken by the Company fails to fulfill settlement or payment obligation on the appointed day, which would cause a financial loss to the Company.

(C) Underlying asset credit risk refers to the risk of loss that may arise from deterioration of credit quality of the underlying asset linked to the financial instruments or increasing of credit risk premium or downgrade of credit rating or contract default.

B. The financial assets of the Company with credit risk include bank deposits, OTC derivative

trade, repurchase agreement/reverse repurchase agreement of bonds (bills), deposits for securities borrowing and lending trade, margins for futures trade, other refundable deposits³ and receivables⁴.

(A) Analysis of concentration of credit risk

a. Geographic location:

Percentages of credit risk exposure amounts of the Company's financial assets by geographic area were as follows (see the table below): As of December 31, 2021, the highest was Taiwan with 91.86%, the second was Asia with 4.22% and the third was Europe (excluding Taiwan) with 3.79%. Compared to the same period of last year, the proportion of investments in Europe and America have decreased in this period.

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Taiwan	\$ 83,221,481	\$ 81,429,606
Asia (excluding Taiwan)	3,821,681	3,854,947
Europe	3,429,684	5,744,579
America	120,220	195,532
Other	4,256	1,530
Total	<u>\$ 90,597,322</u>	<u>\$ 91,226,194</u>

b. Industry:

Percentages of credit risk exposure amounts of the Company's financial assets by industry were as follows (see the table below): Financial institutions accounted for 99.85% with other industry sectors representing less than 1%. Credit risk is concentrated in financial institutions because the Company's own funds and margins received from customers were both deposited with financial institutions, and counterparties of derivative trade undertaken by the Company were banks, futures clearing and settlement institution and re-consigned futures firms. The percentages distribution did not change significantly in this period compared to the corresponding period of last year.

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Privately owned businesses	\$ -	\$ 401,587
Financial institutions	90,461,707	90,683,573
Public enterprises	14,025	4
Other	121,590	141,030
Total	<u>\$ 90,597,322</u>	<u>\$ 91,226,194</u>

(B) Analysis of credit risk levels

³ Other refundable deposits include operating guarantee deposits, clearing and settlement funds and refundable deposits.

⁴ Receivables include accounts receivable, other receivables and dealers' accounts receivable.

a. Credit risk rating is categorised into Excellent, Standard, Below standard, Other and the definitions are illustrated below:

- (a) Excellent: The underlying position or an entity is capable of fulfilling its financial commitment even if facing significant uncertain factors or exposed to an adverse condition.
- (b) Standard: The underlying position or an entity's capacity to fulfill the contractual obligation is at an acceptable level, and any adverse movement toward operation, finance or economy could further weaken its capacity to fulfil financial commitment.
- (c) Below standard: The underlying position or an entity's capacity to fulfill the contractual obligation is weak, and the fulfillment of the contractual commitment depends on the advantageous movement in operating environment and financial status.
- (d) Other: This level shows that the counterparty or the underlying asset does not fulfill contractual obligations, or for other reasons fails to (or not) be applied with the internal credit risk ratings.

b. As of December 31, 2021, the credit quality levels of the Company's financial assets were classified as follows: Excellent is 98.10%, standard is 1.77%. The result of credit quality level classification did not change significantly compared to the same period last year. The proportion of financial assets classified as excellent had increased while assets classified as standard had decreased.

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Excellent	\$ 88,872,668	\$ 88,932,418
Standard	1,601,758	2,153,890
Below standard	<u>122,896</u>	<u>139,886</u>
Total	<u>\$ 90,597,322</u>	<u>\$ 91,226,194</u>

C. The Company adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

- (A) The Company determines that there has been a significant increase in credit risk on a receivable (futures trading margin receivable and other receivables) if it is either past due over 30 days or in violation of the terms of the agreement.
- (B) Refundable deposits that have not been returned and the number of days past the refund date is more than 30, excluding deposits not returned due to specific conditions set in the contract.
- (C) At the balance sheet date, a debt instrument is considered to have significant increase in credit risk if the credit rating of the credit reference subject is non-investment grade and any of the following conditions apply:
 - a. The credit rating of the credit reference subject has dropped by more than one scale since initial recognition.
 - b. The implicit credit spread of the debt instrument has increased by a certain number of basis points since initial recognition.

(D) The definition of a financial asset in default

- a. The Company adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.
- b. A debt instrument investment is considered in default if any of the following conditions apply:
 - (a) Bond was credit-impaired at the time of purchase.
 - (b) At the financial reporting date, the bond is rated as “in default.”
 - (c) Interest or principal payments have not been made in accordance with the issuance terms.
 - (d) Due to credit condition of the issuer, the issuance terms were changed so that interest payments were delayed or not made at all.
 - (e) The issuer or guarantor has ceased operations, applied for reorganisation, filed for bankruptcy, dissolved, or sold assets that have a significant impact on the company’s ability to continue as a going concern.

(E) Write off policy

If the Company cannot reasonably expect to recover the entire or part of the financial asset, it will write off the entire or part of the financial asset.

(F) Measurement of expected credit loss and consideration of forward-looking information

Futures trading margin receivable

Obtain historical loss rates (based on the historical losses from the past three years, compare the current and past economic environments to the predicted future environment (forward-looking factor) and determine if there is a significant change; adjust the estimate for future loss rates accordingly).

- a. The total carrying amount, allowance for losses, and maximum exposure of “futures trading margin receivable” of the Company are as follows:

<u>December 31, 2021</u>				
<u>Lifetime</u>				
	<u>12 months</u>	<u>Significant increase in credit risk</u>	<u>Credit impaired</u>	
	<u>Without past due or within 30 days</u>	<u>More than 30 days</u>	<u>More than 90 days</u>	<u>Total</u>
Expected loss rate	0%	99.66%	100%	
Total book value	<u>\$</u>	<u>\$</u>	<u>\$ 107,770</u>	<u>\$107,770</u>
Loss allowance	<u>\$</u>	<u>\$</u>	<u>(\$ 107,770)</u>	<u>#####</u>

Maximum exposure amount	<u>\$</u> =	<u>\$</u> =	<u>\$</u> =	<u>\$</u> =
<u>December 31, 2020</u>				
	<u>12 months</u>	<u>Significant increase in credit risk</u>	<u>Lifetime</u> <u>Credit impaired</u>	
	<u>Without past due or within 30 days</u>	<u>More than 30 days</u>	<u>More than 90 days</u>	<u>Total</u>
Expected loss rate	0%	99.29%	100%	
Total book value	<u>\$</u> =	<u>\$</u> =	<u>\$ 120,901</u>	<u>\$120,901</u>
Loss allowance	<u>\$</u> =	<u>\$</u> =	<u>(\$ 120,901)</u>	<u>#####</u>
Maximum exposure amount	<u>\$</u> =	<u>\$</u> =	<u>\$</u> =	<u>\$</u> =

b. Movements in loss allowance for futures trading margin receivable is as follows:

For the year ended December 31, 2021

	<u>12 months</u>	<u>Significant increase in credit risk</u>	<u>Lifetime</u> <u>Credit impaired</u>	
	<u>Without past due or within 30 days</u>	<u>More than 30 days</u>	<u>More than 90 days</u>	<u>Total</u>
January 1, 2021	\$ -	\$ -	(\$ 120,901)	#####
Reversal of impairment loss	-	-	3,755	3,755
Write-offs	=	=	9,376	9,376
December 31, 2021	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 107,770)</u>	<u>#####</u>

For the year ended December 31, 2020

	<u>12 months</u>	<u>Significant increase in credit risk</u>	<u>Lifetime</u> <u>Credit impaired</u>
--	------------------	--	---

	<u>Without past due or within 30</u> <u>days</u>	<u>More than 30 days</u>	<u>More than</u> <u>90 days</u>	<u>Total</u>
January 1, 2020	\$ -	\$ -	(\$ 86,409)	(\$ 86,409)
Provision for impairment	-	-	(39,021)	(39,021)
Reversal of impairment loss	=	=	<u>4,529</u>	<u>4,529</u>
December 31, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 120,901)</u>	<u>#####</u>

(7)Liquidity risk analysis

A.Liquidity risk of capital refers to the risk arising from the Company's inability to raise funds adequately in a period, which makes it unable to fulfill repayment or disbursement obligations on the expiry days. For liquidity risk management, the Company has established a warning system based on the nature of its businesses, including capital liquidity index, current ratio, loan lines granted by financial institutions and capital shortfall indication, which can estimate in advance the possible capital shortfall in certain periods and help the Company be aware of the overall liquidity risk of capital; the Company has also established a fund procurement plan in response to the occurrence of systematic risk events or exceptional capital flows. For the realization, marketability and safety of current assets, the Company has established the rules of capital risk management, which state the Company's bank deposits, bond trade, repo trade, etc. must meet certain level above of the internal rating and their positions and liquidity shall be monitored regularly.

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B. The information about the maturity of the Company's financial liabilities is shown below. The Company's working capital is sufficient enough to meet its funding requirements in the future. Therefore it has no liquidity risk that would arise from inability to raise funds to fulfill repayment or disbursement obligations.

Cash flow analysis of financial liabilities on December 31, 2021

		Payment period					Total
Accounts	Financial liabilities	Prevailing Period	Less than 3 months	3 ~ 12 months	1~5 years	Over 5 years	
212000	Financial liabilities at fair value through profit or loss - current Futures traders' equity	\$ 926	\$ -	\$ -	\$ -	\$ -	926
214080	Leverage margin contract transaction traders' equity	80,868,836	-	-	-	-	80,868,836
214100	Bonds payable	-	-	-	-	1,497,401	1,497,401
214130	Accounts payable	13,717	123,139	-	-	-	136,856
214140	Accounts payable - related parties	-	19,749	-	-	-	19,749
214170	Other payables	-	176,285	5,764	1,939	197	184,185

214180	Other payables - related parties	-	1,842	-	-	-	1,842
216000	Lease liabilities - current	-	10,730	32,119	-	-	42,849
219000	Other current liabilities	-	24,903	6,240	-	-	31,143
226000	Lease liabilities - non-current	-	-	-	118,224	-	118,224
	Total	<u>\$ 81,166,287</u>	<u>\$ 356,648</u>	<u>\$ 44,123</u>	<u>\$ 120,163</u>	<u>\$ 1,497,598</u>	<u>\$ 83,184,819</u>
	Percentage (%) of overall	97.58%	0.42%	0.05%	0.15%	1.80%	100.00%

Cash flow analysis of financial liabilities on December 31, 2020

		<u>Payment period</u>							
<u>Accounts</u>	<u>Financial liabilities</u>	<u>Prevailing Period</u>	<u>Less than 3 months</u>	<u>3 ~ 12 months</u>	<u>1~5 years</u>	<u>Over 5 years</u>		<u>Total</u>	
212000	Financial liabilities at fair value through profit or loss - current	\$ 220,672	\$ -	\$ -	\$ -	\$ -		\$ 220,672	
214080	Futures traders' equity	82,588,649	-	-	-	-		82,588,649	
214100	Leverage margin	243,573	-	-	-	-		243,573	

	contract transaction traders' equity						
214130	Accounts payable	1,632	156,279	-	-	-	157,911
214140	Accounts payable - related parties	-	23,586	-	-	-	23,586
214170	Other payables	-	220,175	12,872	7,805	197	241,049
214180	Other payables - related parties	-	225	-	-	-	225
216000	Lease liabilities - current	-	5,516	32,279	-	-	37,795
219000	Other current liabilities	-	11,961	7,623	-	-	19,584
226000	Lease liabilities - non-current	=	=	=	<u>159,509</u>	=	<u>159,509</u>
	Total	<u>\$ 83,054,526</u>	<u>\$ 417,742</u>	<u>\$ 52,774</u>	<u>\$ 167,314</u>	<u>\$ 197</u>	<u>\$ 83,692,553</u>
	Percentage (%) of overall	99.24%	0.50%	0.07%	0.19%	0.00%	100.00%

The analysis of cash flow gap on December 31, 2021

Receipt period

<u>Accounts</u>	<u>Financial assets</u>	<u>Prevailing Period</u>	<u>Less than 3 months</u>	<u>3 ~ 12 months</u>	<u>1~5 years</u>	<u>Over 5 years</u>	<u>Total</u>
111100	Cash and cash equivalents	\$ 1,082,416	\$1,775,200	\$ 5,428,400	\$	- \$	- \$ 8,286,016
112000	Financial assets at fair value through profit or loss - current	285,884	-	-	-	-	285,884
113200	Financial assets at fair value through other comprehensive income - current	806,830	-	-	-	-	806,830
114070	Customer margin deposits	81,058,821	-	-	-	-	81,058,821
114080	Futures trading margin receivable	107,770	-	-	-	-	107,770
114130	Accounts receivable	-	4,057	-	-	-	4,057
114140	Accounts receivable - related parties	-	2,002	-	-	-	2,002
114170	Other receivables	-	12,532	20	-	-	12,552
114180	Other receivables - related parties	-	4,165	-	-	-	4,165

114300	Leverage margin contract trading client margin deposits	347,405	-	-	-	-	347,405
123200	Financial assets at fair value through other comprehensive income - non-current	-	-	-	-	1,932,733	1,932,733
129010	Operating guarantee deposits	-	-	-	-	140,000	140,000
129020	Clearing and settlement funds	-	-	-	-	544,465	544,465
129030	Refundable deposits	-	-	-	35,978	-	35,978
	Subtotal	<u>\$ 83,689,126</u>	<u>\$1,797,956</u>	<u>\$ 5,428,420</u>	<u>\$ 35,978</u>	<u>\$2,617,198</u>	<u>\$ 93,568,678</u>
	Cash inflow	\$ 83,689,126	\$1,797,956	\$ 5,428,420	\$ 35,978	\$2,617,198	\$ 93,568,678
	Cash outflow	<u>81,166,287</u>	<u>356,648</u>	<u>44,123</u>	<u>120,163</u>	<u>1,497,598</u>	<u>83,184,819</u>
	The amount of capital gap	<u>\$ 2,522,839</u>	<u>\$1,441,308</u>	<u>\$ 5,384,297</u>	<u>(\$ 84,185)</u>	<u>\$1,119,600</u>	<u>\$ 10,383,859</u>

The analysis of cash flow gap on December 31, 2020

		<u>Receipt period</u>					<u>Total</u>
<u>Accounts</u>	<u>assets</u>	<u>Prevailing Period</u>	<u>Less than 3 months</u>	<u>3 ~ 12 months</u>	<u>1~5 years</u>	<u>Over 5 years</u>	

111100	Cash and cash equivalents	\$ 1,232,359	\$1,175,200	\$ 3,788,400	\$ -	\$ -	\$ 6,195,959
112000	Financial assets at fair value through profit or loss - current	860,190	-	-	-	-	860,190
113200	Financial assets at fair value through other comprehensive income - current	655,432	-	-	-	-	655,432
114070	Customer margin deposits	82,809,012	-	-	-	-	82,809,012
114080	Futures trading margin receivable	120,901	-	-	-	-	120,901
114100	Security lending deposits	169,187	-	-	-	-	169,187
114130	Accounts receivable	-	199,609	-	-	-	199,609
114140	Accounts receivable - related parties	-	3,569	-	-	-	3,569
114170	Other receivables	-	18,934	41	-	-	18,975
114180	Other receivables - related parties	-	3,876	-	-	-	3,876

114300	Leverage margin contract trading client margin deposits	294,448	-	-	-	-	294,448
119990	Other current assets	-	23	-	-	-	23
123200	Financial assets at fair value through other comprehensive income - non-current	-	-	-	-	1,618,523	1,618,523
129010	Operating guarantee deposits	-	-	-	-	140,000	140,000
129020	Clearing and settlement funds	-	-	-	-	548,092	548,092
129030	Refundable deposits	-	243	4,911	35,302	-	40,456
	Subtotal	<u>\$ 86,141,529</u>	<u>\$1,401,454</u>	<u>\$ 3,793,352</u>	<u>\$ 35,302</u>	<u>\$2,306,615</u>	<u>\$ 93,678,252</u>
	Cash inflow	\$ 86,141,529	\$1,401,454	\$ 3,793,352	\$ 35,302	\$2,306,615	\$ 93,678,252
	Cash outflow	<u>83,054,526</u>	<u>417,742</u>	<u>52,774</u>	<u>167,314</u>	<u>197</u>	<u>83,692,553</u>
	The amount of capital gap	<u>\$ 3,087,003</u>	<u>\$ 983,712</u>	<u>\$ 3,740,578</u>	<u>(\$ 132,012)</u>	<u>\$2,306,418</u>	<u>\$ 9,985,699</u>

(8) Currency risk

A. The Company's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

(Foreign currency: functional currency)

	<u>December 31, 2021</u>		<u>December 31, 2020</u>	
	<u>Foreign</u>	<u>Exchange</u>	<u>Foreign</u>	<u>Exchange</u>
	<u>currency</u>	<u>rate</u>	<u>currency</u>	<u>rate</u>
<u>Financial instrument</u>	<u>(In thousands)</u>		<u>(In thousands)</u>	
<u>Financial assets</u>				
<u>Monetary items</u>				
USD/NTD	\$ 992,624	27.6800	\$ 1,223,264	28.4800
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD/NTD	\$ 982,275	27.6800	\$ 1,213,331	28.4800

B. The total exchange gains and losses, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2021 and 2020 amounted to (\$9,213) and (\$15,991), respectively.

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YUANTA FUTURES CO., LTD.
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Not e
Cash:			
Petty cash		\$ 30	
Checking deposits		15	
Demand deposits			
New Taiwan dollar		253,895	
Foreign currency	EUR \$177, exchange rate 31.3200	5,559	
(in thousands)	AUD \$22, exchange rate 20.0800	434	
	GBP \$5, exchange rate 37.3000	193	
	HKD \$979, exchange rate 3.5490	3,474	
	JPY \$4,186, exchange rate 0.2405	1,007	
	USD \$1,839, exchange rate 27.6800	50,895	
	CNY \$490, exchange rate 4.3440	2,128	
Time deposits			
New Taiwan dollar	expiring within one year, interest rate 0.090%~0.800%	7,203,600	
		7,521,230	
Cash equivalents:			
Excess futures margin			
deposits		330,800	
Excess margin in			
foreign		74,275	

YUANTA FUTURES CO., LTD.
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

exchange margin		
trading		
Commercial paper with		
resale		Not
agreements	359,711	e
	<u>\$</u>	<u>8,286,016</u>
Note : Expiring date: 2022/1/14-2022/1/24		
Interest rate : 0.280%-0.290%		

YUANTA FUTURES CO., LTD.
STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS — CURRENT
DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

<u>Name of financial instrument</u>	<u>Description</u>	<u>Shares or units (in thousands)</u>	<u>Face value</u>	<u>Total amount (in thousands)</u>	<u>Interest rate</u>	<u>Cost</u>	<u>Fair value</u>		<u>Amount of the fair value attributable to change in the credit risk</u>
							<u>Unit price (dollars)</u>	<u>Total amount</u>	
Listed stocks									
Micro-Star International Co., Ltd.		375		\$	60,240	\$ 160.50	\$ 60,188		
Others		1,254			92,985		94,004		Note 1
Subtotal					153,225		154,192		
OTC stocks									
ALLIED CIRCUIT CO.,LTD		100			15,673	166.00	16,600		
Phison Electronics Corp.		30			14,334	512.00	15,360		
Others		345			41,539		45,641		Note 1
Subtotal					71,546		77,601		
Total				<u>\$</u>	<u>224,771</u>		<u>\$231,793</u>		
Derivative financial instruments – non-hedging									
Futures contracts – non-hedging							\$ 16,347		
Options contracts – non-hedging							1,219		Note 2
Leverage margin contract transactions – non-hedging							36,525		
Subtotal							54,091		
Total							<u>\$285,884</u>		

Note 1: The other items are not exceed 5%.

Note 2: Contract amount or premiums paid was \$1,103 and the fair value at the balance sheet date was \$1,219.

YUANTA FUTURES CO., LTD.
STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - CURRENT
DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

Name of financial instrument	Description	Shares or units (in thousands)	Face value	Total amount (in thousands)	Interest rate	Cost	Accumulated impairment	Fair value Unit price (dollars)	Total amount	Note
Listed stocks / OTC stocks										
ASUS TEK COMPUTER INC.		1,050	\$	- \$	-	-	\$351,422	N/A	\$ 376.00	\$ 394,800
QUANTA COMPUTER INC.		3,476		-	-	-	255,305	N/A	94.70	329,177
Wistron Corporation		2,710		-	-	-	90,295	N/A	29.15	78,997
Others		124		-	-	-	3,502	N/A		3,856
							<u>\$700,524</u>			<u>\$ 806,830</u>

Note : The other items are not exceed 5%.

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YUANTA FUTURES CO., LTD.
STATEMENT OF FUTURES TRADING MARGIN - OWN FUNDS
DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

Clearing house (Other futures commission merchants)	Description	Currency	Foreign amount (in thousands)	Exchange rate (dollars)	New Taiwan dollar	Note
Taiwan Futures Exchange	Cash in bank	NTD	\$	-	-	\$ 294,733
	Cash in bank	USD	220	27.6800		6,080
	Cash in bank	CNY	947	4.3440		4,112
						304,925
ADM Investor Services, Inc						
Taiwan branch	Cash in bank	USD	56	27.6800		1,541
Nissan Securities Co., Ltd.	Cash in bank	JPY	1,673	0.2405		402
J.P.Morgan Securities Ltd.	Cash in bank	USD	841	27.6800		23,281
	Cash in bank	JPY	51	0.2405		13
	Cash in bank	GBP	4	37.3000		144
	Cash in bank	EUR	3	31.3201		88
						23,526
Yuanta Futures (Hong Kong) Co., Ltd	Cash in bank	HKD	886	3.5490		3,145 Related party
	Cash in bank	USD	451	27.6800		12,485 Related party
						15,630
StoneX Group Inc.	Cash in bank	USD	4	27.6800		114
R.J. O'BRIEN & ASSOCIATES, LLC	Cash in bank	USD	36	27.6800		1,009
						<u>\$ 347,147</u>

Note: The Company's margin deposits for the futures contract was \$347,147 with excess margin of \$330,800, recognised in "Cash and cash equivalents".

YUANTA FUTURES CO., LTD.
STATEMENT OF CUSTOMER MARGIN DEPOSITS
DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

<u>Item</u>	<u>December 31, 2021</u>		<u>December 31, 2020</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Cash in bank	<u>\$ 59,406,731</u>	<u>73</u>	<u>\$ 61,028,517</u>	<u>74</u>
Clearing house				
-Cash in bank	14,452,372	18	12,077,450	15
-Gains (losses) on open futures (positions	19,815)	-	107,625	-
-Securities	<u>80</u>	<u>=</u>	<u>120</u>	<u>=</u>
	<u>14,432,637</u>	<u>18</u>	<u>12,185,195</u>	<u>15</u>
Other futures commission merchants				
-Cash in bank	7,200,181	9	8,303,992	10
-Gains on open futures positions	<u>19,272</u>	<u>=</u>	<u>1,291,308</u>	<u>1</u>
	<u>7,219,453</u>	<u>9</u>	<u>9,595,300</u>	<u>11</u>
Total	<u>\$ 81,058,821</u>	<u>100</u>	<u>\$ 82,809,012</u>	<u>100</u>

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YUANTA FUTURES CO., LTD.
STATEMENT OF CUSTOMER MARGIN DEPOSITS - CASH IN BANK
DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

Bank	Account	Currency	Foreign amount (in thousands)	Exchange rate (dollars)	New Taiwan dollar	Note
Yuanta Bank	367210718820	NTD	\$	- 1.0000	\$	11,779,839
E.SUN						
COMMERCIAL			123,118	27.6800		3,407,897
BANK, LTD.	15441025618	USD				
E.SUN						
COMMERCIAL			170,008	27.6800		4,705,828
BANK, LTD.	15441025629	USD				
Shin Kong						
Commercial			-	1.0000		4,901,370
Bank Co., Ltd	611101001582	NTD				
Others(Note)		NTD	-	1.0000		22,971,566
		USD	372,523	27.6800		10,311,439
		HKD	16,901	3.5490		59,982
		EUR	19,750	31.3200		618,576
		JPY	618,113	0.2405		148,656
		GBP	3,581	37.3000		133,565
		AUD	2,661	20.0800		53,435
		SGD	114	20.4600		2,329
		CHF	-	30.1750		11
		CNY	71,878	4.3440		312,238
					<u>\$</u>	<u>59,406,731</u>

Note: The items which amount exceed 5% of the total account amount shall be individually presented, while the others that do not meet aforementioned threshold can be collectively presented.

YUANTA FUTURES CO., LTD.
STATEMENT OF CUSTOMER MARGIN DEPOSITS — CLEARING BALANCES WITH FUTURES
CLEARING HOUSE
DECEMBER 31, 2021

(Expressed in thousands of New Taiwan dollars)

Clearing house	Description	Currency	Foreign amount (in thousands)	Exchange rate (dollars)	New Taiwan dollar (the marked-to-market value of pledged deposits)	Note
Taiwan Futures Exchange	Cash in bank	NTD	\$	-	1.0000	\$ 8,707,677
		USD		51,072	27.6800	1,413,666
		HKD		772	3.5490	2,739
		CNY		5,692	4.3440	24,724
		JPY		10,336	0.2405	2,486
		GBP		9,490	37.3000	353,977
		EUR		126,025	31.3200	3,947,103
	Gains (losses) on open futures position	NTD		-	1.0000	(19,914)
		USD	(1)	27.6800	(34)
		CNY		17	4.3440	72
		JPY		253	0.2405	61
Securities		NTD		-	1.0000	80
						<u>\$ 14,432,637</u>

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YUANTA FUTURES CO., LTD.
STATEMENT OF CUSTOMER MARGIN DEPOSITS — CLEARING BALANCES WITH OTHER
FUTURES COMMISSION MERCHANTS
DECEMBER 31, 2021

(Expressed in thousands of New Taiwan dollars)

<u>Other futures commission merchants</u>	<u>Description</u>	<u>Currency</u>	<u>Foreign amount (in thousands)</u>	<u>Exchange rate (dollars)</u>	<u>New Taiwan dollar</u>	<u>Note</u>
G.H. Financials (Hong Kong) Limited	Cash in bank	AUD \$	2,757	20.0800	\$ 55,370	
	Gains (losses) on open futures position	AUD(	148)	20.0800	(2,981)	
					<u>52,389</u>	
	Cash in bank	USD	74	27.6800		2,055
	Gains (losses) on open futures position	USD	-	27.6800		-
					<u>2,055</u>	
J.P.Morgan Securities Ltd	Cash in bank	CHF	-	30.1750		1
	Gains (losses) on open futures position	CHF	-	30.1750		-
						<u>1</u>
	Cash in bank	EUR	99	31.3200		3,093
	Gains (losses) on open futures position	EUR	77	31.3200		2,417
					<u>5,510</u>	
	Cash in bank	GBP	216	37.3000		8,048
	Gains (losses) on open futures position	GBP	16	37.3000		614
					<u>8,662</u>	
	Cash in bank	JPY	1,492	0.2405		359
	Gains (losses) on open futures position	JPY (	369)	0.2405	(89)	
					<u>270</u>	
	Cash in bank	SGD	697	20.4600		14,264

YUANTA FUTURES CO., LTD.

STATEMENT OF CUSTOMER MARGIN DEPOSITS — CLEARING BALANCES WITH OTHER
FUTURES COMMISSION MERCHANTS

DECEMBER 31, 2021

(Expressed in thousands of New Taiwan dollars)

<u>Other futures commission merchants</u>	<u>Description</u>	<u>Currency</u>	<u>Foreign amount (in thousands)</u>	<u>Exchange rate (dollars)</u>	<u>New Taiwan dollar</u>	<u>Note</u>
	Gains (losses) on open futures position	SGD		- 20.4600	<u>14,264</u>	-

YUANTA FUTURES CO., LTD.
STATEMENT OF CUSTOMER MARGIN DEPOSITS — CLEARING BALANCES WITH OTHER
FUTURES COMMISSION MERCHANTS (Cont.)

DECEMBER 31, 2021

(Expressed in thousands of New Taiwan dollars)

<u>Other futures</u> <u>commission</u> <u>merchants</u>	<u>Description</u>	<u>Currency</u>	<u>Foreign</u> <u>amount (in</u> <u>thousands)</u>	<u>Exchange</u> <u>rate</u> <u>(dollars)</u>	<u>New Taiwan</u> <u>dollar</u>	<u>Note</u>
J.P.Morgan Securities Ltd	Cash in bank	USD	\$ 108,590	27.6800	\$ 3,005,782	
	Gains (losses) on open futures position	USD	9,573	27.6800	<u>264,968</u>	
					<u>3,270,750</u>	
Nissan Securities Co., Ltd	Cash in bank	JPY	184,955	0.2405	44,482	
	Gains (losses) on open futures position	JPY	6,230	0.2405	<u>1,498</u>	
					<u>45,980</u>	
OCBC Securities Private Limited	Cash in bank	JPY	(439,511)	0.2405	(105,703)	
	Gains (losses) on open futures position	JPY	(460)	0.2405	<u>(111)</u>	
					<u>(105,814)</u>	
	Cash in bank	SGD		8 20.4600		173
	Gains (losses) on open futures position	SGD		3 20.4600	<u>67</u>	
					<u>240</u>	
	Cash in bank	USD	51,618	27.6800	1,428,775	
	Gains (losses) on open futures position	USD	(2,926)	27.6800	<u>(80,984)</u>	
					<u>1,347,791</u>	
Phillip Nova Pte Ltd	Cash in bank	USD	65,606	27.6800	1,815,973	
	Gains (losses) on open futures position	USD	(5,232)	27.6800	<u>(144,819)</u>	
					<u>1,671,154</u>	
R.J. O'BRIEN	Cash in bank	USD	3,658	27.6800	101,247	

YUANTA FUTURES CO., LTD.

STATEMENT OF CUSTOMER MARGIN DEPOSITS — CLEARING BALANCES WITH OTHER
FUTURES COMMISSION MERCHANTS (Cont.)

DECEMBER 31, 2021

(Expressed in thousands of New Taiwan dollars)

<u>Other futures commission merchants</u>	<u>Description</u>	<u>Currency</u>	<u>Foreign amount (in thousands)</u>	<u>Exchange rate (dollars)</u>	<u>New Taiwan dollar</u>	<u>Note</u>
& ASSOCIATES, LLC	Gains (losses) on open futures position	USD	(	560)	27.6800 (	<u>15,513)</u> <u>85,734</u>

YUANTA FUTURES CO., LTD.
STATEMENT OF CUSTOMER MARGIN DEPOSITS — CLEARING BALANCES WITH OTHER
FUTURES COMMISSION MERCHANTS (Cont.)
DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

<u>Other futures</u> <u>commission</u> <u>merchants</u>	<u>Description</u>	<u>Currency</u>	<u>Foreign</u> <u>amount (in</u> <u>thousands)</u>	<u>Exchange</u> <u>rate</u> <u>(dollars)</u>	<u>New Taiwan</u> <u>dollar</u>	<u>Note</u>
StoneX Group Inc	Cash in bank	EUR	\$ 790	31.3200	\$	24,730
	Gains (losses) on open futures position	EUR	-	31.3200		-
						<u>24,730</u>
	Cash in bank	USD	8,892	27.6800		246,133
	Gains (losses) on open futures position	USD	(34)	27.6800	(	<u>948)</u>
						<u>245,185</u>
Yuanta Futures (Hong Kong) Co., Ltd	Cash in bank	HKD	27,744	3.5490		98,463
	Gains (losses) on open futures position	HKD	(1,246)	3.5490	(	<u>4,423)</u>
						<u>94,040</u>
	Cash in bank	USD	15,391	27.6800		426,024
	Gains (losses) on open futures position	USD	(3)	27.6800	(	<u>87)</u>
						<u>425,937</u>
ADM Investor Services, Inc Taiwan branch	Cash in bank	USD	1,117	27.6800		30,912
	Gains (losses) on open futures position	USD	(12)	27.6800	(	<u>337)</u>
						<u>30,575</u>
						<u>\$ 7,219,453</u>

YUANTA FUTURES CO., LTD.
STATEMENT OF FUTURES TRADING MARGIN RECEIVABLE
DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

Client code	Foreign Exchange		Note
	Account amount	rate New Taiwan dollar	
A		\$ 9,464	
B		42,435	
C		11,445	
D		7,504	
E		11,880	
F		15,620	
Others (Note)		9,422	
Allowance for uncollectible accounts		(107,770)	
		<u>\$ -</u>	

Note: The items which amount exceed 5% of the total account amount shall be individually presented, while the others that do not meet aforementioned threshold can be collectively presented.

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YUANTA FUTURES CO., LTD.
STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

Client	Description	Amount	Note
Non-related parties:			
Optiver Taiwan Futures Co., Ltd.	Price of settlement	\$	2,525
Others	Others		1,532
		<u>\$</u>	<u>4,057</u>
Related parties:			
Yuanta Securities Co., Ltd.		<u>\$</u>	<u>2,002</u>

Note: The ageing of the accounts receivable are all within 30 days.

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YUANTA FUTURES CO., LTD.
STATEMENT OF PREPAYMENTS
DECEMBER 31, 2021

(Expressed in thousands of New Taiwan dollars)

Client name	Description	Amount	Note
Non-related parties:			
Wind Information (HK) Company Ltd.	Computer software expense	\$ 439	
MDBS Digital Technology Co., Ltd.	Computer software expense	567	
KHIENG ATELIER CO., LTD.	Employees uniform expense	3,444	
Others		2,842	
		7,292	
Related parties:			
Yuanta Life Insurance Co., Ltd.	Group insurance	1,449	
		<u>\$</u>	<u>8,741</u>

Note: The items which amount exceed 5% of the total account amount shall be individually presented, while the others that do not meet aforementioned threshold can be collectively presented.

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YUANTA FUTURES CO., LTD.
STATEMENT OF OTHER RECEIVABLES
DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Non-related parties:			
Dividend receivable		\$	230
Interest receivable			8,441
Settlement receivable			1,649
Others			2,232
		<u>\$</u>	<u>12,552</u>
Related parties:			
Interest receivable		<u>\$</u>	<u>4,165</u>

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YUANTA FUTURES CO., LTD.

STATEMENT OF CHANGES IN FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME — NON-CURRENT

FOR THE YEAR ENDED DECEMBER 31, 2021

(Expressed in thousands of New Taiwan dollars)

	Beginning balance		Addition		Decrease		Ending balance				
Name	Shares (in thousands)	Fair value	Shares (in thousands)	Amount	Shares (in thousands)	Amount	Shares (in thousands)	Fair value	Accumulated impairment	Collateral	
Stocks:											
Taiwan Futures Exchange	18,415	\$ 1,514,827	2,578	\$ 291,431	-	\$	-	20,993	\$ 1,806,258	N/A	None
Chicago Mercantile Exchange	20	103,696	-	22,779	-	-		20	126,475	N/A	None
		<u>\$ 1,618,523</u>		<u>\$ 314,210</u>		<u>\$</u>	<u>-</u>		<u>\$ 1,932,733</u>		

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YUANTA FUTURES CO., LTD.
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

	Beginning balance		Addition		Decrease		Ending balance		Market value or net assets value				
Name	Share (in thousands)	Amount	Share (in thousands)	Amount	Share (in thousands)	Amount	Share (in thousands)	Percentage of ownership	Amount	Unit price	Total amount	Collateral	Note
SYF Information Co., Ltd.	35,000	\$ 282,338	-	\$ 5,127	-	(\$ 938)	35,000	100%	\$ 286,527	\$	-\$ 286,527	None	
Yuanta Futures (Hong Kong) Co., Ltd.	34,000	924,763	-	-	-	(69,509)	34,000	100%	855,254	-	855,254	None	
		<u>\$ 1,207,101</u>		<u>\$ 5,127</u>		<u>(\$70,447)</u>			<u>\$ 1,141,781</u>		<u>\$ 1,141,781</u>		

YUANTA FUTURES CO., LTD.
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

Item	Beginning balance	Addition	Decrease	Ending balance	Collateral	Note
Land	\$ 410,992	\$ 55,955	\$ -	\$ 466,947		None
Buildings and equipment	71,577	-	(5,955)	15,622		None
Information equipment	229,280	59,715	(55,293)	233,702		None
Miscellaneous equipment	1,898	3,271	(500)	4,669		None
Office equipment	-	1,585	-	1,585		None
Transpotation equipment	8,282	-	(840)	7,442		None
Leasehold improvements	9,692	18,261	(9,692)	18,261		None
Total	<u>\$ 731,721</u>	<u>\$ 138,787</u>	<u>(\$ 122,280)</u>	<u>\$ 748,228</u>		

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YUANTA FUTURES CO., LTD.
STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

Item	Beginning balance	Addition	Decrease	Ending balance	Note
Buildings and equipment	\$ 12,213	\$ 3,409	\$ -	\$ 15,622	Note1 and Note2
Information equipment	100,850	56,380 (	55,293)	101,937	Note1 and Note3
Miscellaneous equipment	1,229	597 (	500)	1,326	Note1 and Note4
Office equipment	-	44	-	44	Note1 and Note5
Transpotation equipment	2,565	1,381 (	782)	3,164	Note1 and Note6
Leasehold improvements	7,269	3,637 (	9,616)	1,290	Note1 and Note7
Total	<u>\$ 124,126</u>	<u>\$ 65,448</u>	<u>(\$ 66,191)</u>	<u>\$ 123,383</u>	

Note1: Property and equipment are depreciated using the straight-line method to allocate their cost over their estimated useful lives.

Note2: The useful life of buildings and equipment is 20 years.

Note3: The useful life of information equipment is 4 years.

Note4: The useful life of miscellaneous equipment is 6 years.

Note5: The useful life of office equipment is 6 years.

Note6: The useful life of transpotation equipment is 5 years.

Note7: The useful life of leasehold improvements is 3 years.

YUANTA FUTURES CO., LTD.
STATEMENT OF CHANGES IN RIGHT – OF – USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021
 (Expressed in thousands of New Taiwan dollars)

Item	Beginning balance	Addition	Decrease	Ending balance	Note
Buildings	\$ 243,386	\$ 13,013	(\$ 61,428)	\$ 194,971	

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YUANTA FUTURES CO., LTD.
STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF RIGHT – OF – USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021
 (Expressed in thousands of New Taiwan dollars)

Item	Beginning balance	Addition	Decrease	Ending balance	Note
Buildings	<u>\$ 52,642</u>	<u>\$ 49,216</u>	<u>(\$ 54,435)</u>	<u>\$ 47,423</u>	

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YUANTA FUTURES CO., LTD.
STATEMENT OF CHANGE IN INTANGIBLE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

Item	Beginning balance	Addition	Decrease	Ending balance	Note
Computer software	\$ 18,012	\$ 57,006	(\$ 12,164)	\$ 62,854	Note 1
Membership in a foreign Futures Exchange	24,125	-	-	24,125	Note 2
	<u>\$ 42,137</u>	<u>\$ 57,006</u>	<u>(\$ 12,164)</u>	<u>\$ 86,979</u>	

Note 1: Computer software is amortised using the straight-line method to allocate its cost over 3 years.

Note 2: Membership in a foreign Futures Exchange with an indefinite useful life and is tested annually for impairment.

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YUANTA FUTURES CO., LTD.
STATEMENT OF DEFERRED INCOME TAX ASSETS
DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Accrued pension liabilities		\$	3,925
Unrealised exchange loss			2,814
Expected credit losses			23,201
Others			1,746
		<u>\$</u>	<u>31,686</u>

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YUANTA FUTURES CO., LTD.
STATEMENT OF OTHER NON-CURRENT ASSETS
DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Operating guarantee deposits		\$	140,000
Clearing and settlement funds			544,465
Refundable deposits			35,978
Prepayment for equipment			139,051
Others			11,416
		<u>\$</u>	<u>870,910</u>

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YUANTA FUTURES CO., LTD.
STATEMENT OF FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS — CURRENT
DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

Name of financial instru- ment	Description	Shares or units (in thousands)	Face value (in thousands)	Total amount (in thousands)	Interest rate	Fair value	Total amount	Amount of the fair value attributable to change in the credit risk	Note
						Unit price (dollars)			
Financial liabilities held for trading:									
Options – non-hedg- ing	-	-	\$ -	\$ -	-	\$ -	<u>\$ 926</u>	\$ -	Note

Note: Contract amount or premiums received was \$1,091 and the fair value at the balance sheet date was \$926.

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YUANTA FUTURES CO., LTD.
STATEMENT OF FUTURES TRADERS' EQUITY
DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

Client

code	Currency	Foreign amount (in thousands)	Exchange rate	New Taiwan dollar
A	NTD	\$ -	1.0000	\$ 1,115
	USD	263,236	27.6800	7,286,362
B	NTD	-	1.0000	6,928,185
C	NTD	-	1.0000	3,787,336
	USD	31,401	27.6800	869,175
	HKD	10,760	3.5490	38,186
	EUR	(40)	31.3200	(1,255)
	JPY	37,100	0.2405	8,923
	GBP	166	37.3000	6,206
	AUD	2,276	20.0800	45,697
D	NTD	-	1.0000	4,625,005
Others	NTD	-	1.0000	32,823,834
	USD	677,437	27.6800	18,751,470
	HKD	32,952	3.5490	116,947
	EUR	146,770	31.3200	4,596,829
	JPY	337,513	0.2405	81,171
	GBP	13,135	37.3000	489,933
	AUD	2,992	20.0800	60,090
	SGD	821	20.4600	16,792
	CHF	-	30.1750	12
	CNY	77,537	4.3440	336,823
				<u>\$ 80,868,836</u>

YUANTA FUTURES CO., LTD.
STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2021

(Expressed in thousands of New Taiwan dollars)

Client	Description	Amount	Note
Non-related parties:			
Taiwan Futures Exchange	Clearance fee	\$	49,007
	Service charge		70,315
Taiwan Stock Exchange	Securities settlement		9,018
Others	Others		8,516 Others not exceeding 5%
		<u>\$</u>	<u>136,856</u>
Related parties:			
Yuanta Securities Co., Ltd.	Futures commissions	\$	19,728
	Others		Others not exceeding 215%
		<u>\$</u>	<u>19,749</u>

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YUANTA FUTURES CO., LTD.
STATEMENT OF OTHER PAYABLES
DECEMBER 31, 2021

(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount
Non-related parties:		
	Bonuses payable	\$ 147,547
	Business tax payable	
		12,074
	Others	
		24,564
		<u>\$ 184,185</u>
Related parties:		
Yuanta Financial Holdings	Others	\$ 724
Yuanta Life Insurance	Building management fee	
Co., Ltd.		1,040
	Others	
Others		78
		<u>\$ 1,842</u>

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YUANTA FUTURES CO., LTD.
STATEMENT OF OTHER CURRENT LIABILITIES
DECEMBER 31, 2021
 (Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Temporary receipts	Others	<u>\$ 31,143</u>	
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YUANTA FUTURES CO., LTD.
STATEMENT OF LEASE LIABILITIES
DECEMBER 31, 2021
 (Expressed in thousands of New Taiwan dollars)

Item	Description	Leasing period	Discount rate	Ending balance	Note
Buildings		3~5 years	0.59~0.92%	<u>\$ 161,073</u>	
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YUANTA FUTURES CO., LTD.
STATEMENT OF BONDS PAYABLE
DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

Amount

Bonds Name	Trustee	Issuance Date	Interest Payment Date	Interest Rate	Par Value	Repayment	Ending Balance	Unamortized Premiums (Discounts)	Carrying Amount	Repayment Term	Collateral
First issue of unsecured subordinate normal corporate bond in 2021	BANK SINOPAC CO., Ltd	2021/11/12	Note	0.85	\$ 1,500,000	\$	- 1,500,000	(\$ 2,599)	1,497,401	on Repaid Maturity	None

Note: The principal is repaid at par on the maturity date and interest is according to stated interest rate payable annually on November 12 at simple interest from the issue date.

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YUANTA FUTURES CO., LTD.
STATEMENT OF DEFERRED INCOME TAX LIABILITIES
DECEMBER 31, 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Item	Description	Amount	Note
Others		<u>\$ 11,191</u>	
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YUANTA FUTURES CO., LTD.
STATEMENT OF OTHER NON-CURRENT LIABILITIES
DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Accrued pension liabilities			
– non-current		\$ 66,271	
Other long-term liabilities		13,199	
		<u>\$ 79,470</u>	

Note 1: Listed by deposits received, collection for third parties and other liabilities, etc.

Note 2: The items which amount exceed 5% of the total account amount shall be individually presented, while the others that do not meet aforementioned threshold can be collectively presented.

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YUANTA FUTURES CO., LTD.
STATEMENT OF GAINS (LOSSES) ON DERIVATIVE FINANCIAL INSTRUMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Non-hedging			
Gains (losses) from futures contract interests			
		\$	
Futures contract gains		393,682	
Futures contract losses	(	411,447)	
	(\$	<u>17,765)</u>	
Gains (losses) from options trading			
		\$	
Gains from options trading		482,224	
	(	481,02	
Losses from options trading		6)	
		<u>\$</u>	
		<u>1,198</u>	
Gains (losses) from leverage margin contract transactions			
		\$	
Gains from leverage margin contract transactions		197,885	
Losses from leverage margin contract transactions	(	167,456)	
	\$	<u>30,429</u>	
Non-hedging			
Gains from derivative financial instruments	\$	1,073,791	
Losses from derivative financial instruments	(1,059,929)	
Net gains on derivative financial instruments	\$	<u>13,862</u>	

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YUANTA FUTURES CO., LTD.
STATEMENT OF FUTURES COMMISSIONS
FOR THE YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

Item	Payee	Amount	Note
Entrusted futures transaction	J.P.Morgan Securities Ltd	\$ 172,511	
	OCBC Securities Private Limited	34,446	
	PHILLIP FUTURES PTE LTD (SG)	40,900	
	R.J.O BRIEN & ASSOCIATES, LLC	19,980	
	Others	26,433	
	Subtotal	294,270	
Futures auxiliary business	Yuanta Securities Co., Ltd.	303,403	Related party
	TAIWAN COOPERATIVE SECURITIES CO., LTD	19,167	
	Others	33,727	
	Subtotal	356,297	
Total		<u>\$ 650,567</u>	

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YUANTA FUTURES CO., LTD.
STATEMENT OF EMPLOYEE BENEFITS, DEPRECIATION, AMORTIZATION AND OTHER OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

Item	2021	2020	Note
Employee benefit expense (Note):			
Wages and salaries	\$ 22,667	\$ 523,991	
Director's remuneration	63,220	65,696	
Labor and health insurance fees	38,811	34,294	
Pension costs	18,839	17,900	
Post-employment benefits	12,470	1,683	
Other personnel expenses	20,191	19,098	
	676,198	662,662	
Depreciation and amortisation expense:			
Depreciation expense	114,664	83,434	
Amortisation expense	12,164	12,097	
	126,828	95,531	
Other operating expenses:			
Postage and telephone costs	98,725	95,353	
Tax expenses	115,301	104,150	
Computer information expenses	102,723	98,959	
Donation	10,475	9,642	
Institutional membership fees	32,269	33,683	
Operating lease payments	123	644	
Repair charge	31,254	27,126	
Advertising costs	9,646	11,393	
Service expenses	14,698	9,784	
Other expenses	35,403	35,246	
	450,617	425,980	
	<u>\$ 1,253,643</u>	<u>\$ 1,184,173</u>	

Note 1: A. The Company had 420 and 409 employees in 2021 and 2020, respectively, in which directors not concurrently serving as employees were 6 and 6, respectively.

YUANTA FUTURES CO., LTD.
STATEMENT OF EMPLOYEE BENEFITS, DEPRECIATION, AMORTIZATION AND OTHER OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

(Expressed in thousands of New Taiwan dollars)

B. The annual consolidated financial statements shall additionally disclose the information below:

(A) Average employee benefit expense was \$1,481 and \$1,481, respectively.

(B) Average wages and salaries was \$1,262 and \$1,300, respectively.

(C) Year on Year change in average employee wages and salaries was (2.92%).

(D) Supervisors' remuneration in 2021 and 2020 were both \$0. (Because of the establishment of Audit Committee, there's no supervisors' remuneration.)

(E) Please illustrate the remuneration policy of the Company. (Including directors, supervisors, managers and employees)

a. Directors

(a) Including remuneration, severance pension and service payment.

(b) The monthly fixed pay to independent directors is determined by the board of directors taking into account industry standards, and independent directors do not receive the distribution of company directors' compensation.

(c) Service payment are expenses incurred by the directors in their capacity as company directors, including travelling costs and costs associated with attending meetings, and they are paid according to industry standards.

b. Managers and employees

(a) Including salary, pension, bonus and employee compensation.

(b) Managers and employees are remunerated based on their responsibilities, professional capabilities and experiences. In order to motivate the morale of all employees, each year, depending on the profitability, additional performance bonuses are granted to enhance the Company's future operating performance.

(c) Employee compensation is based on the Company's Articles of Incorporation. In order to motivate employees and the management team, if the current year's earnings, following offset prior years' operating losses, are positive, then 0.01% to 5% of the remaining balances shall be set aside as employee compensation.

Note 2: A. The table should describe the number of employees, and the calculation base should be in agreement with that of employees' benefit expenses and wages and salaries expense, and average employee numbers should be used when calculating.

B. Under IAS 19, employees include directors and other management personnel. Employees can provide services on a full-time, part-time, permanent, casual or temporary basis. Thus, the "employee" in this statement means directors, managers, normal staff and contract employees. However, supervisors, temp worker, hire of work or outsourcing personnel are not included.

C. The "directors' remuneration" is the remuneration, retirement payment, directors' compensation and service payments which are earned by all directors.

D. The term "supervisor's remuneration" refers to the remuneration, compensation and service payment received by all supervisors.

YUANTA FUTURES CO., LTD.
STATEMENT OF INTEREST EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Non-related parties		\$	4,159
Related parties:			
Yuanta Securities (Hong Kong)			2
Co., Ltd.			
Yuanta Securities Co., Ltd.			943
Yuanta Bank Co., Ltd.			31
Yuanta Life Insurance Co., Ltd.			1,136
Yuanta Securities Korea Co., Ltd.			6
Funds managed by Yuanta Securities			1,952
Investment Trust			
		\$	<u>8,229</u>

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YUANTA FUTURES CO., LTD.
STATEMENT OF EXPECTED CREDIT IMPAIRMENT LOSSES (GAINS)
FOR THE YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
			Measured by the historical loss rate and
Futures trading	Futures traders'		consideration of forward-looking
margin receivable	default amount	(\$ <u>3,755</u>)	information

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YUANTA FUTURES CO., LTD.
STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Item	Description	Amount	Note
Interest income		\$ 339,968	
Gains on disposal of investments		765	
Gains on disposal of property and equipment		271	
Dividend income		152,060	
Net currency exchange losses	(	9,213)	
Gains on financial assets at fair value through profit or loss	(	210)
Gains on lease modification		490	
Others		81,496	
Total		<u>565,627</u>	

Note: The items which amount exceed 5% of the total account amount shall be individually presented, while the others that do not meet aforementioned threshold can be collectively presented.

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YUANTA FUTURES CO., LTD.

PARENT COMPANY ONLY FINANCIAL

STATEMENTS AND INDEPENDENT AUDITORS'

REPORT

YUANTA FUTURES CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2021 AND 2020

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Assets		Notes	December 31, 2021		December 31, 2020			
			AMOUNT	%	AMOUNT	%		
Current assets								
111100	Cash and cash equivalents	6(1)	\$	681,219	73	\$	587,793	72
112000	Financial assets at fair value through	6(2)						
	profit or loss - current			231,793	25		179,436	22
114130	Accounts receivable			-	-		32,265	4
114170	Other receivables			230	-		-	-
114600	Current income tax assets			402	-		334	-
110000	Subtotal current assets			913,644	98		799,828	98
Non-current assets								
129010	Operating guarantee deposits	6(3) and 7		10,000	1		10,000	1
129020	Clearing and settlement funds	6(3)		7,572	1		7,424	1
120000	Subtotal non-current assets			17,572	2		17,424	2
906001	Total Assets		\$	931,216	100	\$	817,252	100
Liabilities and Equity								
Current liabilities								
214130	Accounts payable		\$	13,750	1	\$	1,664	-
214160	Collection for third parties			7	-		8	-
214170	Other payables			7	-		122	-
210000	Subtotal current liabilities			13,764	1		1,794	-
229000	Other non-current liabilities			-	-		-	-
220000	Subtotal non-current liabilities			-	-		-	-
906003	Total Liabilities			13,764	1		1,794	-
Capital								
301110	Operating capital			800,000	86		800,000	98
Retained earnings								
304040	Undistributed earnings (accumulated							
	deficit)			117,452	13		15,458	2
906004	Total equity			917,452	99		815,458	100
906002	Total liabilities and equity		\$	931,216	100	\$	817,252	100

The accompanying notes are an integral part of these parent company only financial statements.

YUANTA FUTURES CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

			Year ended December 31			
			2021		2020	
			AMOUNT	%	AMOUNT	%
Items	Notes					
Revenues						
410000	Gains on trading of securities	6(2)	\$ 119,534	96	\$ 35,200 90	
421300	Dividend income	6(2)	7,518	6	2,087 5	
421500	Gains on valuation of trading securities	6(2)	(2,576) (2)	1,897	5	
400000	Total revenues		124,476	100	39,184 100	
Costs and expenses						
502000	Dealer handling fee		(626) (1)	(139)	-	
531000	Employee benefit expense		(6,395) (5)	(6,468) (17)		
533000	Other operating expenses		(17,438) (14)	(4,429) (11)		
500000	Total costs and expenses		(24,459) (20)	(11,036) (28)		
	Operating income		100,017	80	28,148 72	
602000	Other gains and losses	7	1,977	2	3,481 9	
902005	Net income		\$ 101,994	82	\$ 31,629 81	
Total comprehensive income			\$ 101,994	82	\$ 31,629 81	

The accompanying notes are an integral part of these parent company only financial statements.

YUANTA FUTURES CO., LTD.

NOTES TO THE DISCLOSURE OF SECURITIES DEPARTMENT

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(Expressed in thousands of New Taiwan dollars, Unless Otherwise Indicated)

1. HISTORY AND ORGANIZATION

The Department was approved by the competent authority to engage in securities dealing business on April 28, 2010, and it officially launched business on July 2, 2010.

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

These department financial statements were authorized for issuance by the Board of Directors on March 10, 2022.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”).

New standards, interpretations and amendments endorsed by the FSC effective from 202 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 4, ‘Extension of the temporary exemption from applying IFRS 9’ of material’	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, ‘Interest Rate Benchmark Reform – Phase 2’	January 1, 2021
Amendment to IFRS 16, ‘Covid-19-related rent concessions beyond 30 June 2021’	April 1, 2021(Note)

Note : Earlier application from January 1, 2021 is allowed by FSC.

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

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

New standards, interpretations and amendments endorsed by the FSC effective from 2022 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts—cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018-2020	January 1, 2022

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

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 — comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

The financial statements of the Department have been prepared in accordance with the Regulation Governing the Preparation of Financial Reports by Securities Firms, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

A. Except for the following items, the Department financial statements have been prepared under the historical cost convention:

Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Department’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Department financial statements are disclosed in Note 5.

(3) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(A) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(B) Assets held mainly for trading purposes;

(C) Assets that are expected to be realised within twelve months from the balance sheet date;

(D) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(A) Liabilities that are expected to be settled within the normal operating cycle;

(B) Liabilities arising mainly from trading activities;

(C) Liabilities that are to be settled within twelve months from the balance sheet date;

(D) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the consolidated balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do

not affect its classification.

(4) Cash and cash equivalents

Cash and cash equivalents include petty cash, demand deposits and short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

(5) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income. Financial assets at amortised cost or fair value through other comprehensive income are designated as at fair value through profit or loss at initial recognition when they eliminate or significantly reduce a measurement or recognition inconsistency.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Department measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Department subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Department recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Department and the amount of the dividend can be measured reliably.

(6) Accounts receivable

- A. Accounts receivable entitle the Department a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(7) Impairment of non-financial assets

The Department assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(8) Impairment of financial assets

For accounts receivable, operation guarantee deposits, and clearing and settlement funds, at each reporting date, the Department recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or

recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts.

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

The preparation of these Department financial statements requires management to make critical judgements in applying the Department's accounting policies and make critical assumptions and estimates concerning future events. The significant accounting estimates and such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience, COVID-19 and other factors. The management assessed that the Department had no significant accounting estimates and assumptions.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Demand deposits	\$ 81,219	\$ 17,793
Time deposits	600,000	570,000
Total	<u>\$ 681,219</u>	<u>\$ 587,793</u>

A. The Department transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Department has no cash and cash equivalents pledged to others.

(2) Financial assets at fair value through profit or loss

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 224,771	\$ 168,430
Beneficiary certificates	-	1,408
	224,771	169,838
Valuation adjustment	7,022	9,598
	<u>\$ 231,793</u>	<u>\$ 179,436</u>

Amounts recognised in profit or loss in relation to financial assets and liabilities at fair value through profit or loss are listed below:

<u>For the years ended December 31,</u>	
<u>2021</u>	<u>2020</u>

Financial assets at fair value
through profit or loss

Listed stocks	\$	129,154	\$	38,871
Beneficiary certificates	(	4,678)		313
Total	\$	<u>124,476</u>	\$	<u>39,184</u>

(3) Other assets

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Operating guarantee deposits	\$ 10,000	\$ 10,000
Clearing and settlement funds	<u>7,572</u>	<u>7,424</u>
Total	<u>\$ 17,572</u>	<u>\$ 17,424</u>

A. In accordance with “Securities and Exchange Act” and “Regulations Governing Securities Firms”, operating guarantee deposits shall deposit in financial institutions designated by the FSC.

B. In accordance with “Securities and Exchange Act” and “Regulations Governing Securities Firms”, clearing and settlement fund shall deposit in Taiwan Stock Exchange Corporation and Taipei Exchange.

C. As at December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the other assets held by the Department was \$17,572 and \$17,424 respectively.

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The Company’s ultimate controlling party is Yuanta Financial Holding Co., Ltd., which owns 66.27% of the Company’s shares.

(2) The names and relationship of related parties

<u>Names</u>	<u>Relationship with the Company</u>
Yuanta Bank Co., Ltd.	The same group of enterprises

(3) Significant related party transactions and balances

A. Operating guarantee deposits

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Fellow subsidiary		
Yuanta Bank Co., Ltd.	<u>\$ 10,000</u>	<u>\$ 10,000</u>

B. Interest income

<u>For the years ended December 31,</u>
<u>2021</u> <u>2020</u>

Fellow subsidiary

Yuanta Bank Co., Ltd.

\$

274 \$

90

C. Property transaction

As of December 31, 2021 and 2020, the cost of the Department's holding of funds managed by fellow subsidiary were \$0 and \$1,318, and the fair value of such investments were \$0 and \$1,349, respectively.

The gains on disposal of beneficiary certificates were \$692 and \$818 for the years ended December 31, 2021 and 2020, respectively.

8. PLEDGED ASSETS

None.

9. SIGNIFICANT COMMITMENTS AND CONTINGENT LIABILITIES

None.

10. SIGNIFICANT LOSS FROM NATURAL DISASTER

None.

11. DISCLOSURES OF FINANCIAL INSTRUMENTS INFORMATION

Please refer to 2021 financial statements of the Company.

12. SPECIFIC INHERENT RISKS IN PROPRIETARY SECURITY BUSINESS

(1) The primary risk of the Department's securities dealing business is market price risk. The securities held are measured at fair value, and market prices of securities are price index sensitive, the Department employs optimum hedging strategy to reduce the degree of exposure to relevant risks.

(2) The Department adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

A. The Department determines that there has been a significant increase in credit risk on a receivable, if it is either past due over 30 days or in violation of the terms of the agreement.

B. The definition of a financial asset in default

The Department adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.

C. Write off policy

If the Department cannot reasonably expect to recover the entire or part of the financial asset, it will write off the entire or part of the financial asset.

D. Measurement of expected credit loss and consideration of forward-looking information

Obtain historical loss rates (based on the historical losses from the past three years, compare the current and past economic environments to the predicted future environment (forward-looking factor) and determine if there is a significant change; adjust the estimate for future loss rates accordingly).

On December 31, 2021 and 2020, the Department's total carrying amount and maximum

exposure to credit risk amount of account receivable were \$0 and \$32,265, respectively.

13. INCOME STATEMENTS BASED ON THE TYPE OF BUSINESS

N/A

14. SEGMENT INFORMATION

N/A

15. SUBSEQUENT EVENTS

None.

16. RELATED INFORMATION OF SIGNIFICANT TRANSACTIONS

None.

17. INFORMATION ON INVESTEEES

None.

18. DISCLOSURE OF INFORMATION ON SETTING UP BRANCH OFFICES AND REPRESENTATIVE

None.

19. DISCLOSURE OF INFORMATION ON INDIRECT INVESTMENT IN MAINLAND CHINA

None.

20. OTHERS

None.

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YUANTA FUTURES CO., LTD. SECURITIES DEPARTMENT
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2021

(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Demand deposits		\$	81,219
Time deposits	All will mature in 1 year, the interest rate is 0.09%~0.80%		600,000
		<u>\$</u>	<u>681,219</u>

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YUANTA FUTURES CO., LTD. SECURITIES DEPARTMENT
STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT
DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

Name of Financial Instrument	Description	Shares or units (in thousands)	Face Value	Total Amount (in thousands)	Interest Rate	Cost	Unit Price (dollars)	Fair Value Total Amount	Amount of the fair value attributable to change in the credit risk	Note
Listed stocks										
Micro-Star International Co., Ltd.		375				\$60,240	\$160.50	\$60,188		
Others		1,254				92,985		94,004		Note
Subtotal						<u>153,225</u>		<u>154,192</u>		
OTC stocks										
ALLIED CIRCUIT CO., LTD.		100				15,673	166.00	16,600		
Phison Electronics Corp.		30				14,334	512.00	15,360		
Others		345				41,539		45,641		
Subtotal						<u>71,546</u>		<u>77,601</u>		
Total						<u>\$ 224,771</u>		<u>\$ 231,793</u>		

Note: The other items are

YUANTA FUTURES CO., LTD. SECURITIES DEPARTMENT
STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT
DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

not exceed 5%.

YUANTA FUTURES CO., LTD.
STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Client	Description	Amount	Note
Non-related parties:			
Taiwan Stock Exchange	Securities settlement payables	\$	9,018
	Service charge		23
Taipei Exchange	Securities settlement payables		4,699
	Service charge		10
		<u>\$</u>	<u>13,750</u>

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YUANTA FUTURES CO., LTD.
STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Item	2021	2020	Note
Employee benefit expense (Note):			
Wages and salaries	\$ 6,076	\$ 6,023	
Labor and health insurance fees	161	250	
Pension costs	63	118	
Other personnel expenses	95	77	
	6,395	6,468	
Other operating expenses:			
Tax expenses	15,934	3,415	
Computer information expenses	1,389	943	
Institutional membership fees	13	28	
Other expenses	102	43	
	17,438	4,429	
	<u>\$ 23,833</u>	<u>\$ 10,897</u>	

Note1: 1. The Department had 1 and 2 employees in 2021 and 2020, respectively. The Department has no director.

2. Average employee benefit expense was \$6,395 and \$3,234, respectively.

YUANTA FUTURES CO., LTD.
STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

3. Average wages and salaries was \$6,076 and \$3,012, respectively.
 4. Year on Year change in average employee wages and salaries was 101.73%.
 5. Supervisors' remuneration in 2021 and 2020 were both \$0. (Because of the establishment of Audit Committee, there's no supervisors' remuneration.)
 6. Please illustrate the remuneration policy of the Company. (Including directors, supervisors, managers and employees)
- Please find the remuneration policy of the Department in 2021 parent company only financial statements, in the statements of employee benefits, depreciation, amortization and other operating expenses.

YUANTA FUTURES CO., LTD.
STATEMENT OF OTHER GAINS AND LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Item	Description	Amount	Note
Other gains			
Interest income		\$	1,877
Others			100
		<u>\$</u>	<u>1,977</u>

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YUANTA FUTURES CO., LTD.
STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Client	Description	Amount	Note
Taiwan Stock Exchange	Accounts receivable from trading	<u>\$ -</u>	

Note: The ageing of the accounts receivable are all within 30 days.

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Yuanta Futures Co., Ltd.

Chairman Mr. Lin, Tien-Fu

Date published: January 31, 2022